

Chapter 13 Agency and Employment

Section 13.1 The Agency Relationship



Note Taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> The person who authorizes someone to represent their interests is the principal. 	<p>UNDERSTANDING THE AGENCY RELATIONSHIP</p> <ul style="list-style-type: none"> Agency relationship is formed when one person represents another in a business transaction with a third party. <p>TYPES OF WORK RELATIONSHIPS</p> <ul style="list-style-type: none"> Not all work situations involve a principal-agent relationship. <p>CREATING AN AGENCY RELATIONSHIP</p> <ul style="list-style-type: none"> An agency relationship is formed when a principal and an agent agree consensually to an arrangement. <ul style="list-style-type: none"> Three ways the law can create an agency relationship:
<p style="text-align: center;">Summary</p> <p>Agency is a relationship in which an agent represents a principal in a business transaction with a third party.</p>	

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Social Studies Classification

Directions Classifying information helps you remember important details. Below are three types of work relationships. Complete the chart to describe each kind.

Principal-Agent	Proprietor-Independent Contractor	Master-Servant
<p>Role of principal: the party who needs help</p>	<p>Role of proprietor:</p>	<p>Role of master:</p>
<p>Role of agent:</p>	<p>Role of independent contractor: performs task for proprietor using own tools, making own decisions</p>	<p>Role of servant:</p>
<p>Terms of relationship: Agent can legally conduct business on behalf of principal.</p>	<p>Terms of relationship:</p>	<p>Terms of relationship: Employer has a high degree of control over employee's time, place of work, tools, and methods.</p>
<p>Example(s) of agents:</p>	<p>Example(s) of independent contractors:</p>	<p>Example: Many employer-employee relationships are considered master-servant.</p>

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Study Skills Studying Efficiently

Directions Read the tips below. Then answer the questions that follow. If the statement is true, circle the letter *T*. If the statement is false, circle the letter *F* and write the correct version on the line provided.

TIPS FOR IMPROVING EFFICIENCY

- Get yourself into a positive mood as you begin to study.
- Select the appropriate time, environment, and attitude.
- Mark any information you do not understand in a particular unit.
- Focus on one unit or a manageable group of exercises.
- After studying one unit, stop and write down what you have learned in your own words.
- Go back to what you did not understand and reconsider the information.
- Consult external sources such as other books or your instructor if you still cannot understand the information.
- Ask yourself these questions concerning the material you have studied:
 - What questions would I ask the author?
 - How can I apply this material to what I am interested in?
 - How can I make this information more appealing to my friends?
- Always review the material you have covered.

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1. A person who authorizes someone to represent his or her interests is called a principal. T F

2. The person with whom the agent does business on behalf of the principal is called the agent's agent. T F

3. In a master-servant relationship, the person performing a task is the master. T F

4. A gratuitous agent represents a principal for free. T F

5. When a principal's actions lead the third party to believe that the agent is working for the principal, it is called agency by statute. T F

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Test Taking What to Do During a Test

Directions Read the tips below. Then answer the questions that follow.

WHAT TO DO DURING A TEST
<ul style="list-style-type: none">• Do not rush into the test right away. Read the directions carefully first.• Budget the time you have for taking the test.• Change your seating position to help you relax.• If you do not know an answer, skip it and go on.• If your mind goes blank during an essay test, just start writing. Ideas and answers will usually come.• Do not worry if other students finish the test before you do. Stick to your plan.• If you have time, go back to the answers you skipped and mark an answer, even if it is your best guess.

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1. What are some strategies you can use to budget your time during a test?

2. Brainstorm a list of things you can do to help you relax during a test.

3. Brainstorm a list of things you can do when your mind goes blank on a question.

4. Brainstorm a list of things you should do at the end of a test.

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Section 13.2 Types of Authority and Agents



Note taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> • Power of attorney is any writing which grants someone authority to act as an agent. 	<p>TYPES OF AGENT AUTHORITY</p> <ul style="list-style-type: none"> • Authority given to agents by principals may be actual or apparent. <ul style="list-style-type: none"> • Express authority includes three types of power of attorney: <p>TYPES OF AGENTS</p> <ul style="list-style-type: none"> • Type of agent is determined in two ways: extent of authority to perform tasks, and their relationship to other agents.
<p style="text-align: center;">Summary</p> <p>There are two types of authority: actual and apparent. Actual authority is the real power a principal gives to an agent.</p>	

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Section 13.2 Types of Authority and Agents



English Language Arts Writing

Directions Write each of the five types of agents in the boxes below. Then write a characteristic of that agent on the line provided. The first one has been done for you.

General Agent

1. A general agent is an agent who has authority to perform any act within the scope of a business.

2. _____

3. _____

4. _____

5. _____

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Study Skills Learning New Material

Directions Read the tips below. Then answer the questions that follow.

LEARNING NEW MATERIAL

- Preview the material by scanning the table of contents, heading, and photo captions.
- Set your intention by thinking about what you want to learn.
- Break up the material into smaller sections.
- After reading a section, explain the information in your own words as if you were telling someone else.
- Reread any sections that are not clear to you.

1. Go back to Section 13.2. Scan the section and list what information you find.

2. What should your intention be in reading the section again?

3. How would you break this section up into smaller parts to make it easier to read?

4. Read the section again. Write a short summary of each smaller unit you created in question 3.

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Test Taking Multiple-Choice Tests

Directions Read the information in the box below. Then take the practice test that follows. Write the correct answer in the space provided.

TAKING MULTIPLE-CHOICE TESTS

Multiple-choice items on standardized tests consist of a stem, or question, and distractors, or answer choices. Often, test takers read the stem, glance at the distractors, and quickly choose the answer they think is right. A better test-taking strategy is to read the stem and all the distractors before deciding. If you are unsure of the answer, eliminate the distractors that you know are not correct. Then decide on the best answer among the remaining choices.

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1. Which of the following is not a type of agent?

a. special agent	c. agent's agent
b. general agent	d. new agent

2. Which of the following is not a special agent?

a. counterperson at a video store	c. a pizza delivery person
b. the owner of a company	d. a car salesperson

3. Which of the following is a type of power of attorney?

a. a super power of attorney	c. an apprehensive power of attorney
b. a limited power of attorney	d. None of the above

4. Which is a type of agent authority?

a. blatant authority	c. apparent authority
b. constructive authority	d. zero authority

5. Who appoints an agent's agent?

a. another agent	c. a third party
b. the principal	d. a coagent

6. When apparent authority is based on previous dealings, what is it known as?

a. implied authority	c. customary authority
b. assumed authority	d. None of the above

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Chapter Content Vocabulary



English Language Arts Writing

Directions For each word below, write one or two sentences to show that you understand its meaning. The first one has been done for you.

1. agency In an example of the agency relationship, a grocery store owner is the principal, the employees are the agents, and the customers are the third party.
2. agent _____
3. third party _____
4. independent contractor _____
5. actual authority _____
6. implied authority _____
7. power of attorney _____
8. general agent _____
9. subagent _____
10. special agent _____

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Chapter Academic Vocabulary



English Language Arts Reading Skills

Directions Fill in the box at right with the best word from the list below. Then use the word in a sentence. The first one has been done for you.

genuine	apparent
conduct	incidental
gratuitous	extent

not fake or counterfeit	
1. The principal-agent relationship is a genuine agency relationship.	genuine
2. _____ appearing as such but not necessarily so	
3. _____ the point or degree to which something extends	
4. _____ direct the course of, manage, or control	
5. _____ complimentary; costing nothing	
6. _____ accompanying; following as a consequence	

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