Chapter 2

1. The firm's strategy and goals must guide the work of each business unit and of that unit's HR management activities.
   True  False

2. The logic guiding the measurement of turnover begins with the assumption that employee turnover is equally important everywhere.
   True  False

3. Opportunity costs are direct costs associated with mismanaged organizational stress.
   True  False

4. Indirect measures of costs cannot be converted to direct measures.
   True  False

5. Both direct and indirect costs, as well as benefits, must be considered to apply HR measurement methods properly.
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6. In any area of behavior costing, all types of cost are controllable through prudent HR decisions.
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8. Attitudes are internal states that focus on particular aspects of or objects in the environment.
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9. Winston is totally dissatisfied with his job as an accounts executive. Martha, his manager, need not worry about his performance because available evidence indicates that there is no correlation between job dissatisfaction and productivity.
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10. Employee behavior depends to a large extent on direct measures.
    True  False

11. An employee's ability to see the connection between his/her work and the company's strategic objectives is seen to be a driver of positive behavior.
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12. From a business standpoint, absenteeism is any failure of an employee to report for or to remain at work as scheduled, regardless of reason.
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13. The most dominant cause of absenteeism in the United States is family-related issues.
    True  False

14. Lost supervisory hours must be considered when determining the cost of absenteeism.
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15. The purpose of the process component of the LAMP model is to make the insights gained as a result of costing employee absenteeism actionable.
    True  False
16. Total pay is synonymous with the fixed costs, variable costs, or opportunity costs of employee time.
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    replaceability of those who leave versus those who stay.
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18. A state bases unemployment tax rates on each company's turnover rate. Companies operating in this state
    will find that a lower turnover will lead a higher unemployment tax rate.
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19. All activities associated with in-processing new employees is classified under training costs related to
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20. Informational literature; instruction in a formal training program; and instruction by employee assignment
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    essentially positioned as a "perk," employee-friendly benefit, or advocacy cause.
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28. The best managers identify the best talents available and then create appropriate positions for the
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31. All of the following are critical components of the LAMP measurement system EXCEPT:
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   C. measures.
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34. _____ transform(s) HR logic and measures into rigorous, relevant insights.
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36. Direct measures refer to _____ costs, such as the accumulated, direct cost of recruiting.
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   C. estimated
   D. standard

37. _____ measures are usually expressed in terms of time, quantity, or quality.
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38. Which of the following is an example of a direct cost associated with mismanaged organizational stress?
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42. _____ are internal states that focus on particular aspects of or objects in the environment.
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43. The knowledge an individual has about the focal object of the attitude is:
   A. motivation.
   B. emotion.
   C. action.
   D. cognition.

44. Which of the following is NOT an element of attitudes?
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   C. Action
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45. In retailing, there is a chain of cause and effect running from employee behavior to customer behavior to:
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   C. job satisfaction.
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46. In its survey, Sears discovered that _____ drove not just customer service, but also employee turnover and the likelihood that employees would recommend Sears and its merchandise to friends, family, and customers.
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   B. HR management practices
   C. employee attitudes
   D. organizational mission

47. _____ is the model created by Sears that showed pathways of causation all the way from employee attitudes to profits.
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   B. LAMP
   C. ROA
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48. Any failure of an employee to report for or to remain at work as scheduled regardless of reason is:
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   B. absenteeism
   C. turnover.
   D. allowed in work-life programs.
49. In 2005, the cost of unscheduled absences in U.S. workplaces was about _____ per employee per year.
   A. $50  
   B. $340  
   C. $660  
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50. The leading cause of absenteeism in the United States is:
   A. entitlement mentality.  
   B. stress.  
   C. family-related issues.  
   D. personal illness.

51. In the context of absenteeism, _____ refers to formulas and to comparisons to industry averages and adjustments for seasonality.
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52. What is the purpose of the process component of the LAMP model?
   A. To make the insights gained as a result of costing employee absenteeism actionable.  
   B. To measure the effectiveness of the HR department.  
   C. To show how to assess the costs and benefits of people-related business activities.  
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53. Costs of employee absenteeism vary depending on the type of firm, the industry, and the:
   A. distribution of corporate resources.  
   B. state unemployment tax rate.  
   C. established absenteeism baseline.  
   D. level of employee that is absent.

54. The average employee in the United States has about _____ unscheduled absences per year.
   A. 1.8  
   B. 3.2  
   C. 5.5  
   D. 10

55. _____ occurs when an employee leaves an organization permanently.
   A. Transfer  
   B. Turnover  
   C. Temporary layoff  
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56. What is the numerator used in the formula used to calculate turnover over any period?
   A. Average workforce size for the period  
   B. Number of turnover incidents per period  
   C. Previous period's turnover  
   D. Percentage of new employees

57. High performers who are difficult to replace represent _____ turnovers.
   A. functional  
   B. voluntary  
   C. involuntary  
   D. dysfunctional
58. What is the crucial issue in analyzing turnover?
   A. The number of transfers within an organization.
   B. The number of employees that leave the organization.
   C. The performance and replaceability of employees who leave versus those who stay.
   D. Determining the total cost of all turnovers and estimating the percentage of that amount that represents controllable turnover.

59. Which of the following is NOT one of the broad categories of costs in the basic costing turnover model?
   A. Benefit costs
   B. Separation costs
   C. Training costs
   D. Replacement costs

60. In the costing of employee turnover, the category of _____ costs includes the cost of the interviewer's time and the cost of the terminating employee's time.
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   B. separation
   C. replacement
   D. vacancy

61. Which of the following is NOT a cost element associated with replacing employees?
   A. Medical examinations
   B. Communicating job availability
   C. Informational literature
   D. Travel and moving expenses

62. Activities associated with in-processing new employees pertain to which of the following replacement cost elements?
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   C. Preemployment administrative functions
   D. Postemployment acquisition and dissemination of information

63. If there is a formal orientation program, the per-person costs associated with replacements for those who left should be included in what cost element?
   A. Instruction in a formal training program
   B. Informational literature
   C. Instruction by employee assignment
   D. Staff meetings

64. According to the text, the major cost associated with employee turnover is probably:
   A. reduced productivity during the learning period.
   B. the per-person costs associated with replacements for those who left.
   C. the total cost of a formal orientation program.
   D. reaching final hiring decisions.

65. What is the purpose of measuring turnover costs?
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   B. To realize the financial impact of human resource management activities.
   C. To improve management decision-making.
   D. To show how to assess the costs and benefits of people-related business activities.

66. Appointing a retention czar is an action associated with:
   A. employee orientation.
   B. work-life programs.
   C. a turnover-reduction strategy
   D. training outcomes.
67. The combined effect of all costs associated with turnover can easily cost _____ percent or more of the departing person's salary.
   A. 25
   B. 50
   C. 80
   D. 150

68. Which of the following is most likely to be associated with the adoption of work-life programs?
   A. Percentage of women in the organization
   B. Organizations rated as having good track records in HR management
   C. Public-versus private-sector ownership
   D. Percentage of employees under the age of 35

69. A study by Circadian Technologies found that employers who provide _____ can reduce employee absenteeism and voluntary turnover by more than 20 percent.
   A. talent management
   B. onsite child care
   C. training
   D. annual company reports

70. Indirect measures of training outcomes can often be converted into estimates of the dollar impact of training by using a method known as:
   A. work-life initiative.
   B. value creation.
   C. behavior costing.
   D. utility analysis.

71. Explain the four critical components of the LAMP model.

72. Differentiate between controllable and uncontrollable costs and the direct and indirect measures of these costs with examples.

73. Define employee attitudes and describe the elements that make up an individual's attitude.
74. What are three broad categories of costs in the basic turnover costing model?

75. The very best managers seem to share four key behaviors that help to trigger the 12 worker beliefs that underlie a profitable, productive workplace. Identify the four behaviors.

76. What two things can organizations do to help reduce the costs of "controllable" cost factors?

77. Job satisfaction is a multidimensional attitude made up of attitudes regarding what five areas of employment?

78. Name at least two of the four elements in separation costs.

79. What is the primary purpose of measuring turnover costs?
80. What is a work-life program?
Chapter 2 Key

1. The firm's strategy and goals must guide the work of each business unit and of that unit's HR management activities.
   TRUE

   AACSB: Reflective thinking
   Blooms: Comprehension
   Cascio - Chapter 02 #1
   Difficulty: Medium
   Learning Objective: 1

2. The logic guiding the measurement of turnover begins with the assumption that employee turnover is equally important everywhere.
   FALSE

   AACSB: Reflective thinking
   Blooms: Comprehension
   Cascio - Chapter 02 #2
   Difficulty: Medium
   Learning Objective: 2

3. Opportunity costs are direct costs associated with mismanaged organizational stress.
   FALSE

   AACSB: Analytic
   Blooms: Knowledge
   Cascio - Chapter 02 #3
   Difficulty: Easy
   Learning Objective: 2

4. Indirect measures of costs cannot be converted to direct measures.
   FALSE

   AACSB: Reflective thinking
   Blooms: Knowledge
   Cascio - Chapter 02 #4
   Difficulty: Medium
   Learning Objective: 2

5. Both direct and indirect costs, as well as benefits, must be considered to apply HR measurement methods properly.
   TRUE

   AACSB: Analytic
   Blooms: Knowledge
   Cascio - Chapter 02 #5
   Difficulty: Easy
   Learning Objective: 2

6. In any area of behavior costing, all types of cost are controllable through prudent HR decisions.
   FALSE

   AACSB: Reflective thinking
   Blooms: Knowledge
   Cascio - Chapter 02 #6
   Difficulty: Medium
   Learning Objective: 2

7. The real payoff from determining the cost of employee behaviors lies in being able to demonstrate a financial gain from the wise application of human resource management methods.
   TRUE

   AACSB: Reflective thinking
   Blooms: Comprehension
   Cascio - Chapter 02 #7
   Difficulty: Medium
   Learning Objective: 2

8. Attitudes are internal states that focus on particular aspects of or objects in the environment.
   TRUE

   AACSB: Analytic
   Blooms: Knowledge
   Cascio - Chapter 02 #8
   Difficulty: Medium
   Learning Objective: 3
9. Winston is totally dissatisfied with his job as an accounts executive. Martha, his manager, need not worry about his performance because available evidence indicates that there is no correlation between job dissatisfaction and productivity.

**FALSE**

AACSB: Reflective thinking
Blooms: Application
Cascio - Chapter 02 #9
Difficulty: Easy
Learning Objective: 3

10. Employee behavior depends to a large extent on direct measures.

**FALSE**

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #10
Difficulty: Medium
Learning Objective: 3

11. An employee's ability to see the connection between his/her work and the company's strategic objectives is seen to be a driver of positive behavior.

**TRUE**

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #11
Difficulty: Easy
Learning Objective: 3

12. From a business standpoint, absenteeism is any failure of an employee to report for or to remain at work as scheduled, regardless of reason.

**TRUE**

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #12
Difficulty: Easy
Learning Objective: 2

13. The most dominant cause of absenteeism in the United States is family-related issues.

**FALSE**

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #13
Difficulty: Medium
Learning Objective: 2

14. Lost supervisory hours must be considered when determining the cost of absenteeism.

**TRUE**

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #14
Difficulty: Medium
Learning Objective: 2

15. The purpose of the process component of the LAMP model is to make the insights gained as a result of costing employee absenteeism actionable.

**TRUE**

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #15
Difficulty: Medium
Learning Objective: 2

16. Total pay is synonymous with the fixed costs, variable costs, or opportunity costs of employee time.

**FALSE**

AACSB: Reflective thinking
Blooms: Comprehension
Cascio - Chapter 02 #16
Difficulty: Medium
Learning Objective: 2
17. The crucial issue in analyzing turnover is not how many employees leave but rather the performance and replaceability of those who leave versus those who stay.

TRUE

AACSB: Reflective thinking
Blooms: Comprehension
Cascio - Chapter 02 #17
Difficulty: Medium
Learning Objective: 2

18. A state bases unemployment tax rates on each company's turnover rate. Companies operating in this state will find that a lower turnover will lead a higher unemployment tax rate.

FALSE

AACSB: Reflective thinking
Blooms: Application
Cascio - Chapter 02 #18
Difficulty: Medium
Learning Objective: 2

19. All activities associated with in-processing new employees is classified under training costs related to turnover.

FALSE

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #19
Difficulty: Medium
Learning Objective: 2

20. Informational literature; instruction in a formal training program; and instruction by employee assignment are the three training costs associated with turnover.

TRUE

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #20
Difficulty: Medium
Learning Objective: 2

21. The major cost associated with employee turnover is reduced productivity during the learning period of replacement.

TRUE

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #21
Difficulty: Medium
Learning Objective: 2

22. The purpose of measuring turnover costs is to build a case to present to stockholders.

FALSE

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #22
Difficulty: Medium
Learning Objective: 2

23. The time coworkers spend guiding a new employee does not need to be included when considering the fully loaded cost of turnover.

FALSE

AACSB: Analytic
Blooms: Comprehension
Cascio - Chapter 02 #23
Difficulty: Easy
Learning Objective: 2

24. Larger organizations are better able to provide a broad base of work-life benefits than smaller organizations.

TRUE

AACSB: Analytic
Blooms: Comprehension
Cascio - Chapter 02 #24
Difficulty: Easy
Learning Objective: 4
25. **FALSE**
   Despite the popular perception of flexibility as a powerful business tool that can improve important human capital outcomes and boost operational performance, studies have shown that flexibility has to be essentially positioned as a "perk," employee-friendly benefit, or advocacy cause.
   
   AACSB: Reflective thinking  
   Blooms: Knowledge  
   Cascio - Chapter 02 #25  
   Difficulty: Medium  
   Learning Objective: 4

26. **TRUE**
   Break-even values indicate the length of time the observed effect would need to be maintained in order to recover the cost of a training program.
   
   AACSB: Analytic  
   Blooms: Knowledge  
   Cascio - Chapter 02 #26  
   Difficulty: Medium  
   Learning Objective: 2

27. **TRUE**
   When direct measures of training outcomes are available, standard valuation methods are appropriate.
   
   AACSB: Reflective thinking  
   Blooms: Comprehension  
   Cascio - Chapter 02 #27  
   Difficulty: Medium  
   Learning Objective: 2

28. **FALSE**
   The best managers identify the best talents available and then create appropriate positions for the talent.
   
   AACSB: Reflective thinking  
   Blooms: Knowledge  
   Cascio - Chapter 02 #28  
   Difficulty: Medium  
   Learning Objective: 2

29. **FALSE**
   The best managers establish very clear objectives and define the steps for their employees.
   
   AACSB: Reflective thinking  
   Blooms: Knowledge  
   Cascio - Chapter 02 #29  
   Difficulty: Medium  
   Learning Objective: 1

30. **TRUE**
   Rather than identifying workers' weaknesses and attempting to fix them, where the gains will be short-lived, the best managers focus on strengths.
   
   AACSB: Reflective thinking  
   Blooms: Knowledge  
   Cascio - Chapter 02 #30  
   Difficulty: Medium  
   Learning Objective: 1

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D. utility analysis.
71. Explain the four critical components of the LAMP model.

The letters in LAMP stand for logic, analytics, measures, and process, four critical components of a measurement system that drives strategic change and organizational effectiveness. Without a compelling logic, it is just not clear where to look for insights about what the numbers mean. Conversely, with well-grounded logic, it is easier to help leaders outside of HR to understand and use the measurement systems to enhance the talent-related decisions they make. Analytics transforms HR logic and measures into rigorous, relevant insights. While statistics and research design are analytical strategies for drawing correct conclusions from data, measures comprise the numbers that populate the statistical formulas. Process is the final element of the LAMP framework. Measurement affects decisions and behavior, but decisions and behavior unfold within a complex social system. Hence effective measurement systems must fit within a change-management process that begins by influencing key decision makers.

AACSB: Reflective thinking
Bloom: Comprehension
Cascio - Chapter 02 #71
Difficulty: Hard
Learning Objective: 1

72. Differentiate between controllable and uncontrollable costs and the direct and indirect measures of these costs with examples.

In any area of behavior costing, some types of costs are controllable through prudent HR decisions, while other costs are simply beyond the control of the organization. Consider employee turnover as an example. To the extent that people leave for reasons of "better salary," "more opportunity for promotion and career development," or "greater job challenge," the costs associated with turnover are somewhat controllable. That is, the firm can alter its HR management practices to reduce the voluntary turnover. However, if the turnover is due to such factors as death, poor health, or spouse transfer, the costs are uncontrollable.

Direct measures refer to actual costs, such as the accumulated, direct cost of recruiting. Indirect measures do not deal directly with cost; they are usually expressed in terms of time, quantity, or quality. In many cases, indirect measures can be converted to direct measures.

AACSB: Application
Bloom: Comprehension
Cascio - Chapter 02 #72
Difficulty: Medium
Learning Objective: 2

73. Define employee attitudes and describe the elements that make up an individual's attitude.

Attitudes are internal states that focus on particular aspects of or objects in the environment. They include three elements: cognition, the knowledge an individual has about the focal object of the attitude; the emotion an individual feels toward the focal object; and an action tendency, a readiness to respond in a predetermined manner to the focal object.

AACSB: Reflective thinking
Bloom: Comprehension
Cascio - Chapter 02 #73
Difficulty: Medium
Learning Objective: 3

74. What are three broad categories of costs in the basic turnover costing model?

The three categories are: separation costs, replacement costs, and training costs.

AACSB: Analytic
Bloom: Knowledge
Cascio - Chapter 02 #74
Difficulty: Medium
Learning Objective: 2
75. (p. 67-68) The very best managers seem to share four key behaviors that help to trigger the 12 worker beliefs that underlie a profitable, productive workplace. Identify the four behaviors.

Select for talent: The best managers identify talents that are needed for a particular position and then find people who fit the role.
Define the right outcomes: Managers who do this best establish very clear objectives; they make sure that employees have the resources to do their jobs well; and then they allow employees to pave their own paths.
Focus on strengths: Rather than identifying workers' weaknesses and attempting to fix them, where the gains will be short-lived, the best managers focus on strengths.
Find the right fit: The best managers continually encourage their employees to look in the mirror and assess themselves in order to find the kind of work that will bring out their best talents.

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #75
Difficulty: Hard
Learning Objective: 5

76. (p. 46) What two things can organizations do to help reduce the costs of "controllable" cost factors?

Identify which costs are controllable and which are not, and then measure the costs (prior to intervention and after intervention).

AACSB: Reflective thinking
Blooms: Comprehension
Cascio - Chapter 02 #76
Difficulty: Medium
Learning Objective: 2

77. (p. 46) Job satisfaction is a multidimensional attitude made up of attitudes regarding what five areas of employment?

Pay, promotions, coworkers, supervision, and the work itself.

AACSB: Analytic
Blooms: Knowledge
Cascio - Chapter 02 #77
Difficulty: Hard
Learning Objective: 3

78. (p. 53-54) Name at least two of the four elements in separation costs.

1) Exit interview, 2) administrative functions related to termination, 3) separation pay, if applicable, and 4) increased unemployment tax.

AACSB: Reflective thinking
Blooms: Knowledge
Cascio - Chapter 02 #78
Difficulty: Medium
Learning Objective: 4

79. (p. 56) What is the primary purpose of measuring turnover costs?

The purpose of measuring turnover costs is to improve management decision-making. Once turnover figures are known, particularly among segments of the workforce deemed "pivotal," managers have a sound basis for choosing between current turnover costs and instituting some type of turnover-reduction strategy.
What is a work-life program?

A work-life program includes any employer-sponsored benefit or working condition that helps an employee to balance work and nonwork demands.
# Chapter 2 Summary

<table>
<thead>
<tr>
<th>Category</th>
<th># of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>AACSB: Analytic</td>
<td>38</td>
</tr>
<tr>
<td>AACSB: Application</td>
<td>1</td>
</tr>
<tr>
<td>AACSB: Reflective thinking</td>
<td>41</td>
</tr>
<tr>
<td>Blooms: Application</td>
<td>2</td>
</tr>
<tr>
<td>Blooms: Comprehension</td>
<td>21</td>
</tr>
<tr>
<td>Blooms: Knowledge</td>
<td>57</td>
</tr>
<tr>
<td>Cascio - Chapter 02</td>
<td>80</td>
</tr>
<tr>
<td>Difficulty: Easy</td>
<td>10</td>
</tr>
<tr>
<td>Difficulty: Hard</td>
<td>3</td>
</tr>
<tr>
<td>Difficulty: Medium</td>
<td>67</td>
</tr>
<tr>
<td>Learning Objective: 1</td>
<td>9</td>
</tr>
<tr>
<td>Learning Objective: 2</td>
<td>53</td>
</tr>
<tr>
<td>Learning Objective: 3</td>
<td>12</td>
</tr>
<tr>
<td>Learning Objective: 4</td>
<td>6</td>
</tr>
<tr>
<td>Learning Objective: 5</td>
<td>1</td>
</tr>
</tbody>
</table>