



NEW YORK STATE
TEACHER
CERTIFICATION
EXAMINATIONS™



**PREPARATION
GUIDE**

**Business and
Marketing CST
(69)**

The University of the State of New York • NEW YORK STATE EDUCATION DEPARTMENT • Office of Teaching Initiatives, Albany, New York 12234

NY-SG-FLD069-02

Copyright © 2006 by National Evaluation Systems, Inc. (NES®)

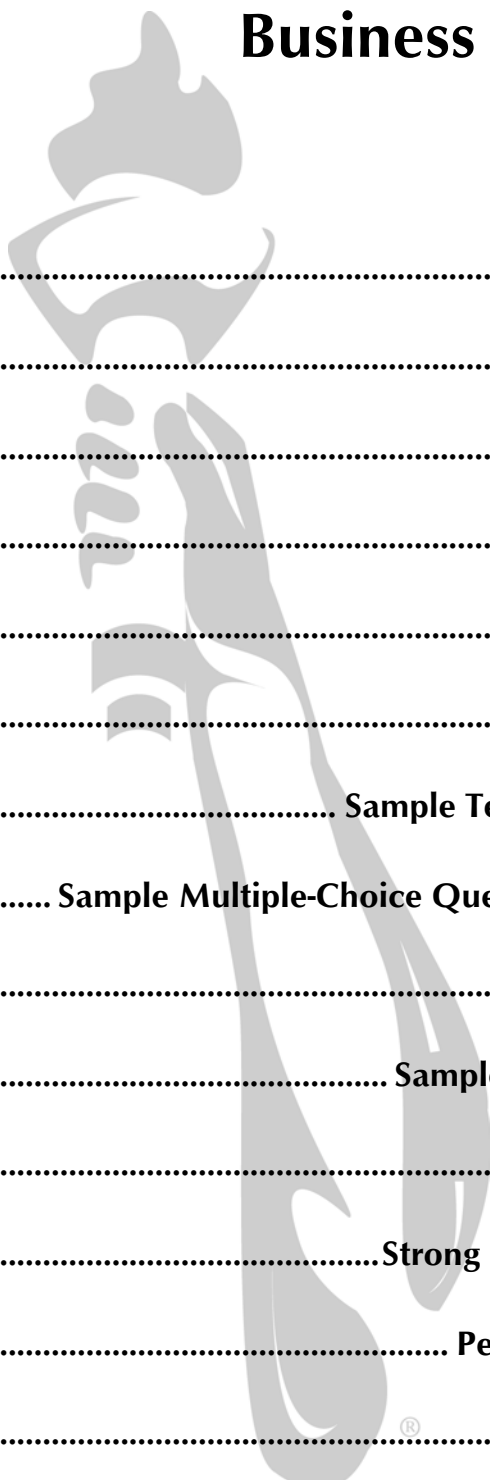
"NYSTCE®," "New York State Teacher Certification Examinations™," and the "NYSTCE®" logo are trademarks of the New York State Education Department and National Evaluation Systems, Inc. (NES®).

"NES®" and its logo are registered trademarks of National Evaluation Systems, Inc.™

NEW YORK STATE TEACHER
CERTIFICATION EXAMINATIONS™

PREPARATION GUIDE
Business and Marketing CST (69)

Table of Contents



1	Introduction
2	General Information about the NYSTCE
4	Test-Taking Strategies
6	About the Business and Marketing Test
7	Business and Marketing Test Objectives
16	Multiple-Choice Section
17	Sample Test Directions for Multiple-Choice Questions
18	Sample Multiple-Choice Questions, Correct Responses, and Explanations
42	Written Assignment Section
43	Sample Test Directions for the Written Assignment
44	Sample Written Assignment
45	Strong Response to the Sample Written Assignment
46	Performance Characteristics and Scoring Scale
47	Evaluation of the Strong Response

The State Education Department does not discriminate on the basis of age, color, religion, creed, disability, marital status, veteran status, national origin, race, gender, genetic predisposition or carrier status, or sexual orientation in its educational programs, services, and activities. Portions of this publication can be made available in a variety of formats, including braille, large print, or audiotape, upon request. Inquiries concerning this policy of nondiscrimination should be directed to the Department's Office for Diversity, Ethics, and Access, Room 530, Education Building, Albany, NY 12234.

■ INTRODUCTION

Purpose of This Preparation Guide

This preparation guide is designed to help familiarize candidates with the content and format of a test for the New York State Teacher Certification Examinations (NYSTCE®) program. Education faculty and administrators at teacher preparation institutions may also find the information in this guide useful as they discuss the test with candidates.

The knowledge and skills assessed by the test are acquired throughout the academic career of a candidate. A primary means of preparing for the test is the collegiate preparation of the candidate.

This preparation guide illustrates some of the types of questions that appear on a test; however, the set of sample questions provided in this preparation guide does not necessarily define the content or difficulty of an entire actual test. All test components (e.g., directions, question content and formats) may differ from those presented here. The NYSTCE program is subject to change at the sole discretion of the New York State Education Department.

Organization of This Preparation Guide

Contained in the beginning sections of this preparation guide are general information about the NYSTCE program and how the tests were developed, a description of the organization of test content, and strategies for taking the test.

Following these general information sections, specific information about the test described in this guide is presented. The test objectives appear on the pages following the test-specific overview. The objectives define the content of the test.

Next, information about the multiple-choice section of the test is presented, including sample test directions. Sample multiple-choice questions are also presented, with the correct responses indicated and explanations of why the responses are correct.

Following the sample multiple-choice questions, a description of the written assignment section of the test is provided, including sample directions. A sample written assignment is presented next, followed by a sample strong response to the assignment and an evaluation of that response.

For Further Information

If you have questions after reading this preparation guide, you may wish to consult the NYSTCE Registration Bulletin. You can view or print the registration bulletin online at www.nystce.nesinc.com.

■ GENERAL INFORMATION ABOUT THE NYSTCE

How Were the NYSTCE Tests Developed?

The New York State Teacher Certification Examinations are criterion referenced and objective based. A criterion-referenced test is designed to measure a candidate's knowledge and skills in relation to an established standard rather than in relation to the performance of other candidates. The explicit purpose of these tests is to help identify for certification those candidates who have demonstrated the appropriate level of knowledge and skills that are important for performing the responsibilities of a teacher in New York State public schools.

Each test is designed to measure areas of knowledge called subareas. Within each subarea, statements of important knowledge and skills, called objectives, define the content of the test. The test objectives were developed for the New York State Teacher Certification Examinations in conjunction with committees of New York State educators.

Test questions matched to the objectives were developed using, in part, textbooks; New York State learning standards and curriculum guides; teacher education curricula; and certification standards. The test questions were developed in consultation with committees of New York State teachers, teacher educators, and other content and assessment specialists.

An individual's performance on a test is evaluated against an established standard. The passing score for each test is established by the New York State Commissioner of Education based on the professional judgments and recommendations of New York State teachers. Examinees who do not pass a test may retake it at any of the subsequently scheduled test administrations.

Organization of Content

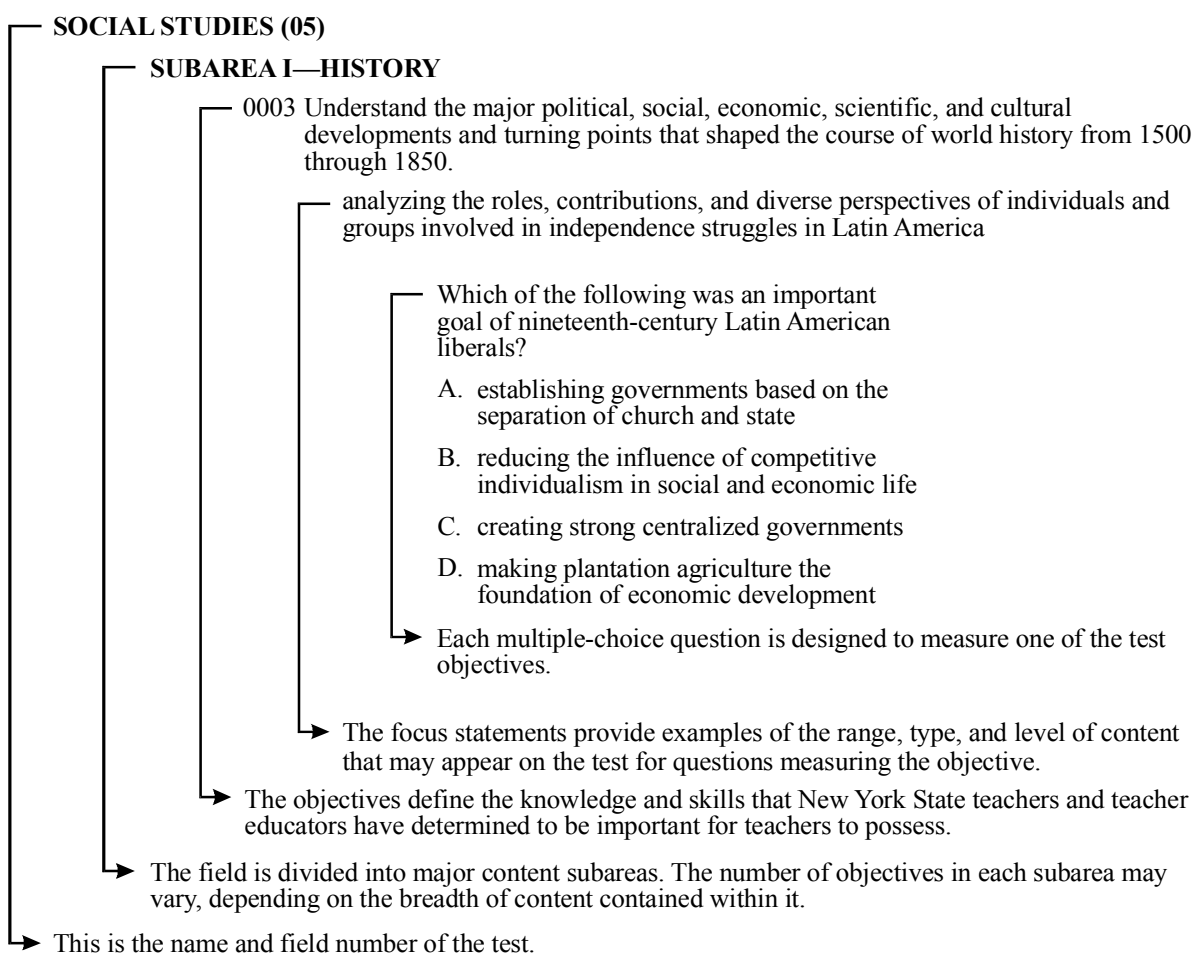
The content covered by each test is organized into **subareas**. These subareas define the major content domains of the test.

Subareas typically consist of several **objectives**. Objectives provide specific information about the knowledge and skills that are assessed by the test.

Each objective is elaborated on by **focus statements**. The focus statements provide examples of the range, type, and level of content that may appear on the tests.

Test questions are designed to measure specific test objectives. The number of objectives within a given subarea generally determines the number of questions that will address the content of that subarea on the test. In other words, the subareas that consist of more objectives will receive more emphasis on the test and contribute more to a candidate's test score than the subareas that consist of fewer objectives.

The following example, taken from the field of Social Studies, illustrates the relationship of test questions to subareas, objectives, and focus statements.



■ TEST-TAKING STRATEGIES

Be On Time.

Arrive at the test center on time so that you are rested and ready to begin the test when instructed to do so.

Follow Directions.

At the beginning of the test session and throughout the test, follow all directions carefully. This includes the oral directions that will be read by the test administrators and any written directions in the test booklet. The test booklet will contain general directions for the test as a whole and specific directions for individual test questions or groups of test questions. If you do not understand something about the directions, do not hesitate to raise your hand and ask your test administrator.

Pace Yourself.

The test schedule is designed to allow sufficient time for completion of the test. Each test session is four hours in length. The tests are designed to allow you to allocate your time within the session as you need. You can spend as much time on any section of the test as you need, and you can complete the sections of the test in any order you desire; however, you will be required to return your materials at the end of the four-hour session.

Since the allocation of your time during the test session is largely yours to determine, planning your own pace for taking the test is very important. Do not spend a lot of time with a test question that you cannot answer promptly; skip that question and move on. If you skip a question, be sure to skip the corresponding row of answer choices on your answer document. Mark the question in your test booklet so that you can return to it later, but be careful to appropriately record on the answer document the answers to the remaining questions.

You may find that you need less time than the four hours allotted in a test session, but you should be prepared to stay for the entire time period. Do not make any other commitments for this time period that may cause you to rush through the test.

Read Carefully.

Read the directions and the questions carefully. Read all response options. Remember that multiple-choice test questions call for the "best answer"; do not choose the first answer that seems reasonable. Read and evaluate all choices to find the best answer. Read the questions closely so that you understand what they ask. For example, it would be a waste of time to perform a long computation when the question calls for an approximation.

Read the test questions, but don't read into them. The questions are designed to be straightforward, not tricky.

Mark Answers Carefully.

Your answers for all multiple-choice questions will be scored electronically; therefore, the answer you select must be clearly marked and the only answer marked. If you change your mind about an answer, erase the old answer completely. Do not make any stray marks on the answer document; these may be misinterpreted by the scoring machine.

IF YOU SKIP A MULTIPLE-CHOICE QUESTION, BE SURE TO SKIP THE CORRESPONDING ROW OF ANSWER CHOICES ON YOUR ANSWER DOCUMENT.

You may use any available space in the test booklet for notes, but **your answers and your written response must be clearly marked on your answer document. ONLY ANSWERS AND WRITTEN RESPONSES THAT APPEAR ON YOUR ANSWER DOCUMENT WILL BE SCORED.** Answers and written responses in your test booklet will not be scored.

Guessing

As you read through the response options, try to find the best answer. If you cannot quickly find the best answer, try to eliminate as many of the other options as possible. Then guess among the remaining answer choices. Your score on the test is based on the number of test questions that you have answered correctly. There is no penalty for incorrect answers; therefore, it is better to guess than not to respond at all.

Passages or Other Presented Materials

Some test questions are based on passages or other presented materials (e.g., graphs, charts). You may wish to employ some of the following strategies while you are completing these test questions.

One strategy is to read the passage or other presented material thoroughly and carefully and then answer each question, referring to the passage or presented material only as needed. Another strategy is to read the questions first, gaining an idea of what is sought in them, and then read the passage or presented material with the questions in mind. Yet another strategy is to review the passage or presented material to gain an overview of its content, and then answer each question by referring back to the passage or presented material for the specific answer. Any of these strategies may be appropriate for you. You should not answer the questions on the basis of your own opinions but rather on the basis of the information in the passage or presented material.

Check Accuracy.

Use any remaining time at the end of the test session to check the accuracy of your work. Go back to the test questions that gave you difficulty and verify your work on them. Check the answer document, too. Be sure that you have marked your answers accurately and have completely erased changed answers.

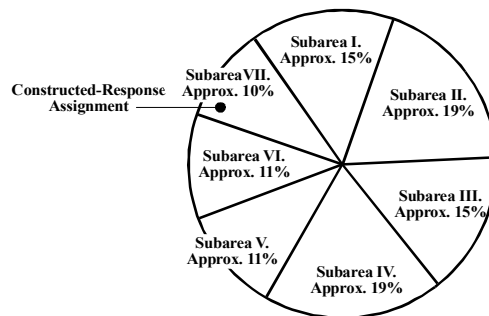
ABOUT THE BUSINESS AND MARKETING TEST

The purpose of the Business and Marketing Content Specialty Test (CST) is to assess knowledge and skills in the following seven subareas:

- Subarea I. Business Management
- Subarea II. Marketing
- Subarea III. Accounting
- Subarea IV. Business Technology and Information Systems
- Subarea V. Economics, Entrepreneurship, and International Business
- Subarea VI. Quantitative Analysis, Consumer Economics, and Career Development
- Subarea VII. Business Management: Constructed-Response Assignment

The test objectives presented on the following pages define the content that may be assessed by the Business and Marketing CST. Each test objective is followed by focus statements that provide examples of the range, type, and level of content that may appear on the test for questions measuring that objective.

The test contains approximately 90 multiple-choice test questions and one constructed-response (written) assignment. The figure below illustrates the approximate percentage of the test corresponding to each subarea.



The section that follows the test objectives presents sample test questions for you to review as part of your preparation for the test. To demonstrate how each objective may be assessed, a sample question is presented for each objective. The correct response and an explanation of why the response is correct follow each question. A sample written assignment is also presented, along with an example of a strong response to the assignment and an evaluation of that response.

The sample questions are designed to illustrate the nature of the test questions; they should not be used as a diagnostic tool to determine your individual strengths and weaknesses.

BUSINESS AND MARKETING TEST OBJECTIVES

Business Management
Marketing
Accounting
Business Technology and Information Systems
Economics, Entrepreneurship, and International Business
Quantitative Analysis, Consumer Economics, and Career Development
Business Management: Constructed-Response Assignment

The New York State business and marketing teacher has the knowledge and skills to teach effectively in New York State public schools. The business and marketing teacher has a broad understanding of the fundamental concepts of management, marketing, economics, and finance and is familiar with the basic skills and attributes associated with successful careers. The business and marketing teacher commands both a depth and breadth of learning across the fields of business management, marketing, accounting, and business technology and information systems and can effectively apply basic concepts of consumer economics, communications, and personal finance. Most importantly, the business and marketing teacher is able to use business and marketing principles to evaluate a variety of business situations, propose realistic objectives, analyze business and marketing opportunities and problems, and develop effective strategies that meet the needs of business organizations, their customers, and their employees.

SUBAREA I—BUSINESS MANAGEMENT

0001 Understand functions of business management in contemporary and historical contexts.

For example:

- recognizing major theories, trends, and developments in the history of business
- analyzing the role of management and the manager in business
- demonstrating understanding of management principles and procedures related to planning, organizing, directing/leading, and controlling
- applying management principles and procedures to meet specified organizational goals and to solve business-related problems

0002 Understand organizational, group, and individual behaviors and their relationship to business management.

For example:

- recognizing social and behavioral theories and concepts related to the functioning of organizations (e.g., corporate culture, change theory, formal and informal organization, project-based management)
- applying social and behavioral theories and principles to the analysis of group structure (e.g., team skills, group dynamics, work groups)
- examining motivational theories that have influenced management theory (e.g., Maslow, Herzberg) and evaluating alternative management styles for motivating employees
- assessing the advantages and disadvantages of diverse organizational structures
- analyzing issues related to organizational, group/team, and individual behavior in management situations (e.g., strategies for conflict resolution, factors influencing worker morale and motivation, diversity in the workplace)

0003 Understand human resources management and development.

For example:

- analyzing the role of human resources management within an organization and applying basic principles and procedures of human resources planning (e.g., job analysis and design)
- recognizing and applying methods of employee recruitment and selection, staff evaluation, and employee training and development
- analyzing the effects of business decisions related to personnel (e.g., corporate mergers, relocations, restructuring)
- examining issues related to labor-management relations (e.g., contract negotiation, grievances and arbitration)
- demonstrating understanding of legal issues related to human resources management (e.g., Equal Employment Opportunity Commission regulations, Americans with Disabilities Act, diversity in the workplace, employee harassment)

0004 Understand principles of law and issues related to ethical and social responsibility in business.

For example:

- demonstrating understanding of laws related to business ownership, personal and real property, contracts, copyright protection, the Internet, insurance, employment, consumer rights, and the environment
- applying knowledge of various types of laws and regulations in business situations (e.g., product regulation, zoning, safety and environmental issues)
- analyzing business situations that involve ethical considerations (e.g., conflict of interest, consumer rights, worker privacy, environmental impact)
- recognizing the function of public relations and social responsibility in business and analyzing factors affecting decisions in these areas (e.g., community goodwill, corporate philanthropy, private-public partnerships)

SUBAREA II—MARKETING

0005 Understand fundamental concepts, functions, and goals of marketing and market research.

For example:

- recognizing basic marketing concepts, functions, and methods
- analyzing social, cultural, technological, and economic factors that affect marketing decisions (e.g., market demographics, local or regional economic situation)
- analyzing the role of market research in the development of a marketing plan
- applying procedures for collecting, organizing, interpreting, and reporting marketing data

0006 Understand marketing strategies in business.

For example:

- recognizing key concepts related to marketing strategies (e.g., target market, marketing mix)
- analyzing the role of the four Ps (i.e., product, pricing, placement, and promotional strategies) in developing marketing strategies
- demonstrating understanding of the significance of demographic and cultural data and market segmentation in marketing
- applying marketing strategies in various business contexts (e.g., e-commerce, endorsements and sponsorships)

0007 Understand principles of product planning, service planning, and price planning.

For example:

- recognizing phases in product and service planning and analyzing factors that affect product and service planning
- analyzing the role of marketing in product development and various stages of the product life cycle
- demonstrating understanding of the concept of product mix and recognizing its role in product planning
- applying knowledge of pricing strategies and factors that influence pricing decisions

0008 Understand channels and models of distribution and principles related to inventory control.

For example:

- comparing the characteristics and functions of different types of distributors and models of distribution
- analyzing the effect of geographic and other variables on decisions concerning product and service distribution
- analyzing factors that influence the selection and expansion of channels of distribution
- demonstrating understanding of types and functions of inventory control systems

0009 Understand consumer buying decisions, customer relations and service, and product and service promotions.

For example:

- analyzing factors that influence consumer buying decisions and recognizing ways of determining customer buying motives in a diverse society
- applying philosophies and procedures for optimizing customer relations
- analyzing the characteristics, uses, advantages, and limitations of different types of promotional activities and mediums
- applying principles of design in various marketing contexts (e.g., traditional, electronic, and technological mediums)

SUBAREA III—ACCOUNTING

0010 Understand basic principles and applications of accounting.

For example:

- defining accounting and recognizing the steps of the accounting cycle
- applying the accounting equation in various business situations
- recognizing the functions of various accounting documents and analyzing business transactions using source documents
- recognizing the purposes of the closing process, journalizing and posting closing entries, and preparing a postclosing trial balance
- evaluating and interpreting annual and other financial reports for decision making
- demonstrating understanding of computerized accounting and identifying software used in computerized accounting
- recognizing ethical and regulatory issues in accounting

0011 Understand and apply concepts and procedures for determining the value of assets, liabilities, and owner's equity.

For example:

- applying knowledge of valuation principles
- identifying current and long-term assets and liabilities
- explaining the purposes of receivables and payables and applying procedures for maintaining subsidiary ledgers
- recognizing the purpose of equity accounts for sole proprietorships, partnerships, and corporations

0012 Understand principles and procedures related to forms of ownership, payroll, and income taxation systems.

For example:

- applying appropriate accounting techniques for the formation, allocation of earnings, and liquidation of a business
- applying appropriate techniques for maintaining payroll records
- applying appropriate techniques for determining personal and corporate income taxes

0013 Apply basic cost accounting principles to evaluate the performance of an organization.

For example:

- explaining and comparing fixed, variable, and mixed costs
- recognizing the role of cost accounting in the management process (e.g., controlling operations, long-range planning, inventory and income determination)
- applying accounting concepts to make decisions with regard to manufacturing or buying a product, leasing or buying an asset, replacing equipment, discontinuing a product, offering discounted prices, and evaluating capital investment opportunities

SUBAREA IV—BUSINESS TECHNOLOGY AND INFORMATION SYSTEMS

0014 Understand business communications.

For example:

- recognizing elements of effective verbal and nonverbal communication and applying these basic communication skills in professional and personal situations
- demonstrating understanding of how to prepare effective business communications and deliver written, oral, and visual presentations and reports to diverse audiences
- applying methods for communicating via various electronic and technological media
- applying strategies for ensuring effective and bias-free communication

0015 Understand basic principles and terminology related to business technology.

For example:

- applying knowledge of terminology related to computer technology and other devices (e.g., input devices, output devices, processing devices)
- recognizing characteristics, types, and features of hardware and software
- demonstrating understanding of relationships among input devices, output devices, processing devices, network systems, and storage units
- applying procedures for selecting, operating, and maintaining hardware, software, and peripherals

0016 Understand principles and procedures related to information processing and information processing systems.

For example:

- demonstrating understanding of the uses of software applications (e.g., word processing, database management, simulations, spreadsheets, presentation software, Web browsers) in various business contexts
- recognizing features, functions, and potential uses of networks
- recognizing characteristics and uses of multimedia systems and publishing applications
- applying procedures for using the Internet in business operations (e.g., Web page design, HTML authoring)

0017 Understand principles and procedures related to telecommunications and applications of telecommunications in business.

For example:

- recognizing components and operating principles of telecommunications systems
- recognizing terms related to telecommunications (e.g., satellites, wide area network, ground stations, cell, relay)
- analyzing business situations and problems to determine appropriate telecommunications solutions (e.g., teleconferencing, online services, e-mail, telecommuting)

0018 Understand principles and procedures related to ethics, security, and data integrity in technology systems.

For example:

- applying procedures related to information security (e.g., passwords, voice imprinting, virus checking, user rights)
- analyzing issues related to electronic privacy; security for online fund transfers; the gathering and sharing of information; generating, maintaining, and selling data files; and online fraud
- applying procedures for recovering data and ensuring the accuracy and integrity of electronic data
- identifying issues related to ownership of software and ideas (e.g., intellectual properties, copyrights, software piracy)

SUBAREA V—ECONOMICS, ENTREPRENEURSHIP, AND INTERNATIONAL BUSINESS

0019 Understand basic principles and applications of economics.

For example:

- analyzing concepts, factors, and processes related to the economics of the firm (e.g., scarcity, opportunity costs, supply and demand, productivity, law of diminishing returns)
- recognizing basic features of the U.S. economic system (e.g., free enterprise, competitive markets, consumer sovereignty) and comparing different types of economic systems and competitive structures (e.g., oligopoly, monopolistic competition)
- examining the role of government in the U.S. economy
- analyzing factors that influence economic growth and applying methods for measuring domestic output, employment, and inflation (e.g., economic indicators)

0020 Understand principles and procedures related to entrepreneurship.

For example:

- recognizing entrepreneurial characteristics and assessing the advantages and disadvantages of different forms of business organization (e.g., sole proprietorship, partnership, corporation)
- assessing the advantages and disadvantages of small businesses (e.g., flexibility, efficiency, limited funds)
- analyzing factors, procedures, and issues related to starting a business (e.g., market analysis, financing, insurance, taxes, e-commerce)
- developing a business plan for an entrepreneurial venture
- applying procedures for selecting, buying, and operating franchises

0021 Understand the international business environment.

For example:

- recognizing major trends and developments in international business
- analyzing social, cultural, political, legal, geographic, and economic factors that affect the international business environment
- demonstrating an understanding of how cultural differences and communication styles affect business interactions
- recognizing principles and concepts of international finance and trade and examining the role of trade pacts and financial institutions (e.g., International Monetary Fund [IMF], World Bank) in expanding global commerce and promoting economic integration
- assessing the appropriateness of various organizational structures and forms of business ownership in international business situations
- analyzing challenges concerning operations, marketing, and the management of human resources in international business

SUBAREA VI—QUANTITATIVE ANALYSIS, CONSUMER ECONOMICS, AND CAREER DEVELOPMENT

0022 Apply basic techniques of quantitative analysis in business situations.

For example:

- using fractions, decimals, and percents
- creating, interpreting, and analyzing charts, tables, and graphs
- estimating and forecasting
- creating, manipulating, and interpreting descriptive and inferential statistics
- using sampling techniques
- interpreting and reporting quantitative aspects of case studies

0023 Understand basic principles of consumer economics and personal finance.

For example:

- identifying legal and practical issues related to consumers (e.g., consumer rights, comparison shopping)
- applying consumer skills (e.g., purchasing goods and services)
- demonstrating understanding of risk management and insurance
- applying principles of personal financial management (e.g., budgeting, credit management, installment buying)
- recognizing types and characteristics of financial planning for different stages of life (e.g., investments, saving, retirement options, selecting investments for a given purpose)

0024 Understand principles and procedures related to career development.

For example:

- recognizing types of careers and sources of career-related information
- identifying skills, characteristics, and traits (e.g., assertiveness, initiative, cooperation, enthusiasm) associated with success in careers
- identifying and applying procedures for career planning
- constructing a résumé, writing a letter of application, preparing for an interview, and assembling employment credentials (e.g., portfolios, career plan)
- recognizing employee responsibilities in the workplace (e.g., punctuality, ethical conduct, working cooperatively with other employees)
- demonstrating knowledge of state and federal laws, regulations, and policies that affect employment

SUBAREA VII—BUSINESS MANAGEMENT: CONSTRUCTED-RESPONSE ASSIGNMENT

The content to be addressed by the constructed-response assignment is described in Subarea I, Objectives 01–04.

■ MULTIPLE-CHOICE SECTION

This preparation guide provides sample multiple-choice questions and a sample written assignment for the test. The multiple-choice questions illustrate the objectives of the test—one sample question for each objective.

Three pieces of information are presented for each test question:

1. the number of the test objective that the sample question illustrates,
2. a sample test question,
3. an indication of the correct response and an explanation of why it is the best available response.

Keep in mind when reviewing the questions and response options that there is one best answer to each question. Remember, too, that each explanation offers one of perhaps many perspectives on why a given response is correct or incorrect in the context of the question; there may be other explanations as well.

On the following page are sample test directions similar to those that candidates see when they take the test.

SAMPLE TEST DIRECTIONS FOR MULTIPLE-CHOICE QUESTIONS

DIRECTIONS

This test booklet contains a multiple-choice section and a section with a single written assignment. You may complete the sections of the test in the order you choose.

Each question in the first section of this booklet is a multiple-choice question with four answer choices. Read each question CAREFULLY and choose the ONE best answer. Record your answer on the answer document in the space that corresponds to the question number. Completely fill in the space that has the same letter as the answer you have chosen. *Use only a No. 2 lead pencil.*

- Sample Question:
1. What is the capital of New York?
 - A. Buffalo
 - B. New York City
 - C. Albany
 - D. Rochester

The correct answer to this question is C. You would indicate that on the answer document as follows:

1. (A) (B) ● (D)

You should answer all questions. Even if you are unsure of an answer, it is better to guess than not to answer a question at all. You may use the margins of the test booklet for scratch paper, but you will be scored only on the responses on your answer document.

The directions for the written assignment appear later in this test booklet.

FOR TEST SECURITY REASONS, YOU MAY NOT TAKE NOTES OR REMOVE ANY OF THE TEST MATERIALS FROM THE ROOM.

The words "End of Test" indicate that you have completed the test. You may go back and review your answers, but be sure that you have answered all questions before raising your hand for dismissal. Your test materials must be returned to a test administrator when you finish the test.

If you have any questions, please ask them now before beginning the test.



DO NOT GO ON UNTIL YOU ARE TOLD TO DO SO.

SAMPLE MULTIPLE-CHOICE QUESTIONS, CORRECT RESPONSES, AND EXPLANATIONS



Objective 0001

Understand functions of business management in contemporary and historical contexts.

1. **Read the passage below about late-nineteenth-century economic developments in the United States; then answer the question that follows.**

Competition and the resulting race for higher productivity and new markets had costs as well as benefits. New technology demanded that factories operate at near-capacity in order to produce goods most economically. Because of this:

- The more manufacturers produced, the more they had to sell.
- To sell more, they had to reduce prices.
- To profit more, they expanded further and often reduced wages.
- To expand, they had to borrow money.
- To repay the money, they had to produce and sell even more.

Which of the following best describes how U.S. business leaders attempted to deal with the dilemma described in the passage?

- A. They formed large enterprises that merged the assets of major competitors in an industry.
- B. They developed more cooperative ways of dealing with organized labor.
- C. They made extensive use of the scientific management principles of Frederick Winslow Taylor.
- D. They tried to increase exports by calling for the elimination of protective tariffs.

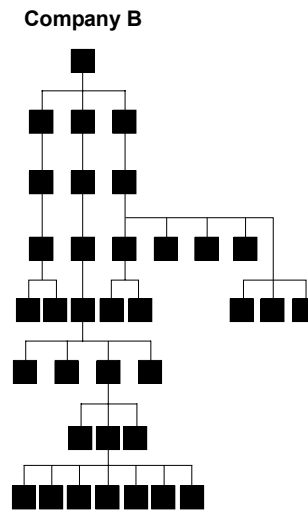
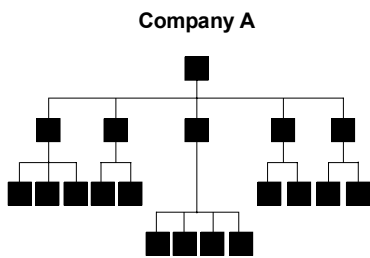
Correct Response: A. A major cause of the deflationary trend described in the passage was price competition within industries. To reduce competition and increase prices and profits, many large corporations formed multidivisional enterprises that merged major competitors within an industry into a single, large organization.



Objective 0002

Understand organizational, group, and individual behaviors and their relationship to business management.

2. Use the organizational charts below to answer the question that follows.



Which of the following is the most accurate comparison of the two companies represented in the organizational charts above?

- A. The work force in Company B has considerably higher skill levels than the work force in Company A.
- B. Company B is more likely than Company A to experience delays in the flow of information.
- C. Lower-level managers in Company B have more decision-making authority than lower-level managers in Company A.
- D. Company B is better able than Company A to adjust to unexpected changes in business conditions.

Correct Response: B. The organizational chart for Company B has many more levels of management than the chart for Company A. This means that decision making in Company B must take place at multiple levels requiring input from considerably more people. Thus, the flow of information may be much slower in Company B than in Company A.



Objective 0003

Understand human resources management and development.

3. Human resource managers can best ensure high job performance and work satisfaction among employees by:
 - A. basing employee compensation on current market standards.
 - B. putting all new employees through a comprehensive orientation process.
 - C. devising objective measures of employee performance.
 - D. developing procedures to match the right person to the right job.
-

Correct Response: D. Studies have shown that employees are most satisfied and productive when performing tasks that match their interests and skills. Accordingly, human resource managers can best ensure high job performance and work satisfaction by obtaining the educational and employment information that will enable them to determine which employees are best suited for which jobs.



Objective 0004

Understand principles of law and issues related to ethical and social responsibility in business.

4. Which of the following best describes an important difference between partnerships and the corporate form of business organization?
- A. Transfer of ownership has limited effect on the status of a partnership.
 - B. The liability of corporate owners is limited to the amount of stock they own.
 - C. The life of a partnership is unlimited.
 - D. Corporations do not have to pay state income taxes on their profits.
-

Correct Response: B. Limited liability is a major advantage of the corporate form of ownership. With the protection of limited liability, stockholders in corporations risk only the amount of money used to purchase the stock; they are not liable for corporate debts.



Objective 0005

Understand fundamental concepts, functions, and goals of marketing and market research.

5. A researcher would be best advised to use a stratified sample for a marketing survey when there is a strong likelihood that:
- A. factors such as age and gender will influence the answers of respondents.
 - B. respondents will not provide accurate answers to certain types of questions.
 - C. low response rates will distort the representativeness of the sample.
 - D. factors such as survey complexity will prevent the timely collection of data.
-

Correct Response: A. In stratified sampling, a population is divided into distinct groups and sampling is done within each group. Use of a stratified sample thus provides a particularly appropriate means of determining the influence of factors such as age, gender, or ethnicity on consumer behavior.



Objective 0006

Understand marketing strategies in business.

6. Marketers should place particular emphasis on communicating the competitive advantages of a product when developing marketing strategies for which of the following types of commodities?
- A. impulse products that consumers purchase without having planned to do so
 - B. attribute-based shopping products that consumers evaluate on the basis of product features before making a purchase
 - C. staples that are routinely purchased by consumers on a regular basis
 - D. specialty products for which consumers are willing to make special efforts to obtain preferred brands
-

Correct Response: B. Consumers typically base purchases of attribute-based products on their assessment of product features such as performance, warranties, and options. Advertising that highlights the competitive advantages of one or more of these features is likely to have a strong influence on consumer perceptions of the product.



Objective 0007

Understand principles of product planning, service planning, and price planning.

7. Which of the following types of promotions would be the most appropriate marketing objective for a product that has entered the maturity phase of the traditional product life cycle?
- A. informative advertising designed to increase consumer awareness of the product's attributes
 - B. motivational advertising designed to generate enthusiasm for the product
 - C. competitive advertising designed to maintain a differential advantage over competing products
 - D. persuasive advertising designed to expand market distribution of the product
-

Correct Response: C. Products that have entered the maturity phase of the product life cycle generally have stable sales but face substantial competition. When promoting such products, advertisers would be well advised to adopt a competitive approach that emphasizes differential advantages such as lower price and improved product features.



Objective 0008

Understand channels and models of distribution and principles related to inventory control.

8. To ensure that inventory is reordered at an appropriate time, it is most important that stores possess accurate information on which of the following?
- A. per order processing costs and average monthly sales
 - B. total number of sales, slow-selling items, and quantity discounts
 - C. order lead time, stock on hand, and the usage rate
 - D. merchandise handling expenses and average inventory on hand
-

Correct Response: C. To maintain inventory of a given item, stores must ensure that ordered products will arrive before current stock is exhausted. This requires accurate information on order lead time, stock on hand, and the usage rate. For example, if an item's lead time is two weeks and the average weekly usage rate is 100 items, a store should place an order whenever stock on hand approaches 200 items.



Objective 0009

Understand consumer buying decisions, customer relations and service, and product and service promotions.

9. Which of the following best describes a major advantage and disadvantage of a specific advertising medium?
- A. Radio advertising enables firms to adopt a personal approach, but the per message cost is extremely high.
 - B. Although newspaper advertising offers a wide range of creative options, it has low credibility.
 - C. Direct mail advertising enables firms to target a specific audience, but there is a high throwaway rate.
 - D. Although magazine advertisements have a short lead time, they have low appeal to passive consumers.
-

Correct Response: C. By drawing on the enormous amount of information available about consumer spending habits, direct mail advertisers can easily target a specific audience. Studies show, however, that direct mail has a very low response rate, often less than one percent.



Objective 0010

Understand basic principles and applications of accounting.

10. The owner of a delicatessen purchases four tables and a dozen chairs for \$1,100, which will be paid in four quarterly installments during the next twelve months. Which of the following best describes the effect of this transaction on the business's accounts?
- A. Assets and owner equity increase by \$1,100, and liabilities remain the same.
 - B. Assets, liabilities, and owner equity all increase by \$1,100.
 - C. Liabilities increase by \$1,100, and assets and owner equity remain the same.
 - D. Both assets and liabilities increase by \$1,100, and owner equity remains the same.
-

Correct Response: D. As physical possessions, the tables and chairs purchased by the delicatessen are considered assets for accounting purposes. At the same time, they would also be considered liabilities because the delicatessen purchased them on credit and has yet to pay for them. Since assets increased and liabilities increased, the owner's equity was not affected.



Objective 0011

Understand and apply concepts and procedures for determining the value of assets, liabilities, and owner's equity.

11. Although the ToughSole Shoe Company's output and revenues have increased steadily in recent years, investors are worried about the high level of borrowing that has taken place to finance the firm's expansion. Changes in which of the following would most clearly reflect their concerns?
- A. retained earnings
 - B. price-to-earnings ratio
 - C. dividend yield
 - D. debt-to-equity ratio
-

Correct Response: D. The debt-to-equity ratio shows the relationship between the amount of money the company owes and the value of the company. As the amount of debt equals an increasingly larger proportion of the company's value, it becomes correspondingly more difficult for the company to retire the debt.



Objective 0012

Understand principles and procedures related to forms of ownership, payroll, and income taxation systems.

12. Use the data below to answer the question that follows.

Worldwide Market Research, Inc. Income Statement For month ending November 30, 20XX		
Services rendered	\$11,100	
Revenues:		
Interest income	<u>900</u>	
Total Revenues		\$12,000
Expenses:		
Equipment expense	\$ 3,000	
Salaries expense	<u>7,100</u>	
Total expense		<u>10,100</u>
Net income before tax		\$ 1,900
Provision for income tax		\$ 310

What amount should be recorded to retained earnings on this income statement?

- A. \$ 1,590
- B. \$ 2,210
- C. \$10,410
- D. \$12,310

Correct Response: A. To calculate retained earnings—the amount of money left after expenses and taxes—one would subtract provision for income tax (\$310) from net income before tax (\$1,900), leaving the amount of income remaining after expenses, or \$1,590.



Objective 0013

Apply basic cost accounting principles to evaluate the performance of an organization.

13. Use the departmental expenses chart below to answer the question that follows.

Department A of Jones Retail

	Avoidable Expenses	Unavoidable Expenses
Salaries of sales personnel	\$ 30,000	
Advertising	3,000	
Supplies	800	
Depreciation, store equipment		\$ 1,000
Rent		3,500
Insurance (merchandise and equipment)	1,400	400
Bad debts	400	
Share of general office expenses	600	3,800
Totals	\$ 36,200	\$ 8,700

Department A of Jones Retail has shown a net loss for the past two years, and company executives are thinking about eliminating the department. Based on information presented in the chart above, Jones Retail would be best advised to retain the department until its:

- A. unavoidable expenses exceed \$36,200.
- B. annual loss exceeds \$8,700.
- C. avoidable share of general office expenses exceeds \$3,800.
- D. annual loss exceeds \$36,200.

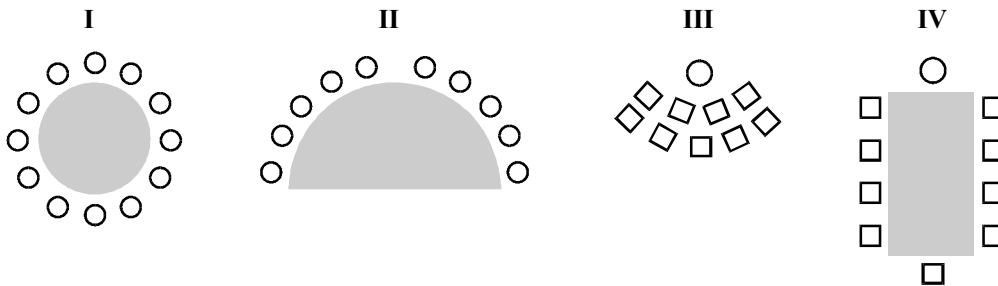
Correct Response: B. Department A of Jones Retail has fixed expenses totaling \$8,700 annually. Because the fixed expenses of Department A are simply a percentage of the company's overall fixed costs, these expenses will remain even if the department is eliminated. It would therefore make sense to maintain Department A until annual losses exceed \$8,700.



Objective 0014

Understand business communications.

14. Use the diagrams below, which illustrate four different types of seating arrangements for group discussions, to answer the question that follows.



A group discussion leader who is seeking to maximize interaction among individual group members would be best advised to adopt which of the seating arrangements shown above?

- A. Arrangement I
- B. Arrangement II
- C. Arrangement III
- D. Arrangement IV

Correct Response: A. Studies show that people are particularly likely to participate in group discussions when they are able to maintain comfortable eye contact with other group members. The circular arrangement of chairs in Arrangement I provides each participant with the greatest amount of eye contact with other members of the group.



Objective 0015

Understand basic principles and terminology related to business technology.

15. The arithmetic, logic, and control circuits are elements of which of the following parts of a computer?
- A. main memory
 - B. central processing unit (CPU)
 - C. disk drive
 - D. disk operating system (DOS)
-

Correct Response: B. The central processing unit (CPU) is the computational and control unit of a computer. It has two main parts: the arithmetic logic unit, where computation occurs; and the control unit, which is responsible for fetching, decoding, and executing instructions.



Objective 0016

Understand principles and procedures related to information processing and information processing systems.

16. An architectural firm would most likely use computer-assisted design (CAD) software for which of the following purposes?
- A. to create a marketing plan
 - B. to evaluate alternative locations for a new building
 - C. to develop a prototype of a new facility
 - D. to analyze the work process in the drafting room
-

Correct Response: C. Computer-assisted design (CAD) is used to create drawings. Architectural firms regularly use CAD to develop prototypes of new facilities.



Objective 0017

Understand principles and procedures related to telecommunications and applications of telecommunications in business.

17. In which of the following situations would satellite telecommunications best be used?
- A. broadcasting a local radio show
 - B. conducting a class through distance learning
 - C. making an analog telephone call
 - D. conducting a job interview
-

Correct Response: B. Satellite communications creates links that enable people at different locations to communicate orally and visually with one another. This makes satellite communications a particularly appropriate medium for conducting classes through distance learning.



Objective 0018

Understand principles and procedures related to ethics, security, and data integrity in technology systems.

18. Password security on a network can best be maintained by adopting which of the following practices?
- A. using passwords with an odd rather than even number of letters
 - B. using passwords that use a combination of letters and numbers
 - C. assigning the same password to entire departments of a company
 - D. having users enter a different password during each time they log on
-

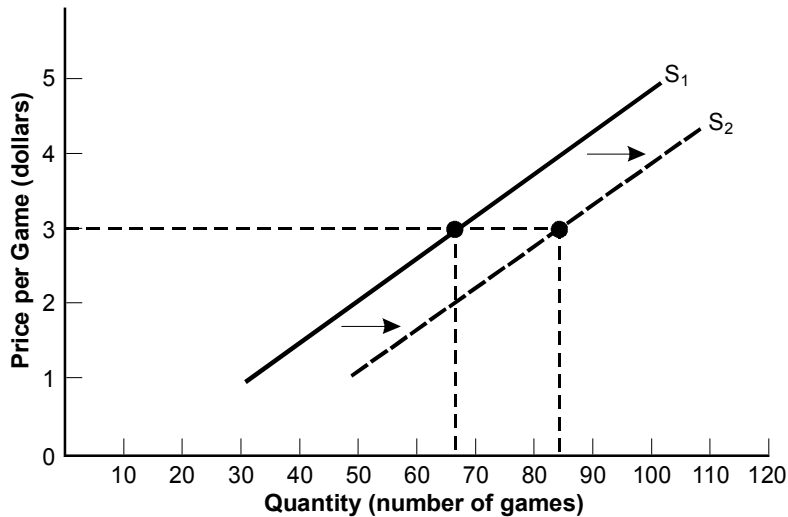
Correct Response: B. The main purpose of passwords is to prevent unauthorized use of computer accounts. Creating passwords that contain letters and numbers expands the possible password alternatives, thus making it more difficult for unauthorized users to identify a password and reducing the likelihood that someone will randomly generate the password that is being used.



Objective 0019

Understand basic principles and applications of economics.

19. Use the supply curve for computer game rentals below to answer the question that follows.



Which of the following would most likely cause the shift shown in the supply curve?

- A. the introduction of more efficient ways to manufacture and distribute games
- B. an increase in the labor costs of game producers
- C. the development of a popular alternative form of home entertainment
- D. an increase in the price of computer game players

Correct Response: A. A supply curve shows the quantity of a product that producers will supply at different prices. When the introduction of more efficient techniques reduces manufacturing and distribution costs, producers are generally willing to supply greater quantities of an item at a given price. The shift in the supply curve from S_1 to S_2 illustrates this economic phenomenon.



Objective 0020

Understand principles and procedures related to entrepreneurship.

20. Which characteristic of entrepreneurs most distinguishes them from other businesspeople?
- A. their ability to combine resources to produce goods and services
 - B. their willingness to work long hours on a project
 - C. their ability to develop effective operating strategies for an enterprise
 - D. their willingness to take financial risks with their own capital
-

Correct Response: D. Entrepreneurs are individuals who acquire, organize, and manage resources to produce a product. Entrepreneurs are often characterized by the use of innovative approaches to take advantage of economic opportunities, and by a willingness to undertake the risks necessary to obtain a profit. In many cases, this includes a willingness to invest their own capital in a new business venture.



Objective 0021

Understand the international business environment.

21. Which of the following best describes a major late-twentieth-century trend in international business history?
- A. Major industrial powers forged expansive new free-trade pacts that hindered the economic growth of developing countries.
 - B. Advances in communications technology created unprecedented opportunities for international trade.
 - C. Advances in manufacturing technology forced long-time opponents of free trade to abandon protectionist practices.
 - D. Disagreements about international labor standards prompted a resurgence of economic nationalism.
-

Correct Response: B. Late twentieth-century advances in communications technology have made it much easier for businesses to stay abreast of changes in global markets. The ability to access vast quantities of information at a moment's notice from anywhere in the world has enabled investors to devote capital to economic opportunities wherever they may appear. The result has been an enormous expansion of the global economy.



Objective 0022

Apply basic techniques of quantitative analysis in business situations.

22. Quality control workers at a ball-bearing plant inspect a random sample of output from company production lines each day. They are particularly concerned about any increase in the standard deviation of the bearings' diameter, as this would indicate that the:
- A. bearings are larger than specified.
 - B. sample is too small for inspection purposes.
 - C. bearings are not perfectly smooth.
 - D. size of the bearings is inconsistent.
-

Correct Response: D. A standard deviation is a measure of the spread of any set of numerical values from the mean. If the standard deviation of the bearings' diameter increases, it will result in size inconsistencies that would seriously detract from product quality.



Objective 0023

Understand basic principles of consumer economics and personal finance.

23. Susan is uncertain whether to purchase collision coverage, an optional form of auto insurance that would pay for the repair or replacement of her car if she has an accident. Susan can best decide whether it is advisable to obtain the additional coverage by determining:
- A. what types of damage her car is likely to sustain in various types of accidents.
 - B. what it would cost to replace her car, compared to the cost of the coverage.
 - C. what the likelihood is that she will be in an accident during the life of the policy.
 - D. what her car cost when it was new, compared to the cost of the coverage.
-

Correct Response: B. If a car is in an accident, collision insurance will pay for repairs up to the value of the car's worth, minus a deductible. When a car is new and its replacement cost is high, collision insurance is generally a good investment. As a car ages and its value declines, however, owners should regularly reassess the continuing need for such coverage.



Objective 0024

Understand principles and procedures related to career development.

24. Use the list below of personal attitudes and attributes to answer the question that follows.

- Prefers varied duties to a familiar work routine
- Performs well under pressure
- Has superior written and verbal communication skills
- Is interested in pursuing opportunities for professional development
- Enjoys working with other people
- Is able to adapt quickly to unexpected developments

The attitudes and attributes listed above best match the personal characteristics needed for success in which of the following business career fields?

- A. insurance and real estate
- B. accounting
- C. business data processing
- D. public relations

Correct Response: D. Public relations is a field that requires creativity, flexibility, and regular contact with the press and general public in a wide variety of circumstances. Individuals with the attitudes and attributes listed in the box have many of the interests and skills necessary for success in this business career field.

■ WRITTEN ASSIGNMENT SECTION

On the following pages are:

- ▶ Sample test directions for the written assignment section
- ▶ A sample written assignment
- ▶ An example of a strong response to the assignment
- ▶ The performance characteristics and scoring scale
- ▶ An evaluation of the strong response

On the actual test, candidates will be given a different written assignment from the one provided as a sample in this preparation guide.

■ SAMPLE TEST DIRECTIONS FOR THE WRITTEN ASSIGNMENT

DIRECTIONS FOR THE WRITTEN ASSIGNMENT

This section of the test consists of a written assignment. You are to prepare a written response of about 150–300 words on the assigned topic. *The assignment can be found on the next page.* You should use your time to plan, write, review, and edit your response to the assignment.

Read the assignment carefully before you begin to write. Think about how you will organize your response. You may use any blank space provided on the following pages to make notes, write an outline, or otherwise prepare your response. *However, your score will be based solely on the response you write on the lined pages of your answer document.*

Your response will be evaluated on the basis of the following criteria.

- **PURPOSE:** Fulfill the charge of the assignment.
- **APPLICATION OF CONTENT:** Accurately and effectively apply the relevant knowledge and skills.
- **SUPPORT:** Support the response with appropriate examples and/or sound reasoning reflecting an understanding of the relevant knowledge and skills.

Your response will be evaluated on the criteria above, not on writing ability. However, your response must be communicated clearly enough to permit valid judgment of your knowledge and skills. The final version of your response should conform to the conventions of edited American English. This should be your original work, written in your own words, and not copied or paraphrased from some other work.

Be sure to write about the assigned topic. Please write legibly. You may not use any reference materials during the test. Remember to review what you have written and make any changes that you think will improve your response.

■ SAMPLE WRITTEN ASSIGNMENT

WRITTEN ASSIGNMENT

Read the information below; then complete the exercise that follows.

You have purchased a coffee shop in a mid-sized town. The establishment is known for its pleasant, friendly atmosphere, and most of its employees have worked there for many years. The former owner had in recent years lowered prices and raised wages, to the satisfaction of customers and employees alike. There are, however, problems with internal operations. Food quality is inconsistent and customers often have to wait a long time for their food or beverage. Moreover, under the previous management, the workers set their own schedule; often too many or too few of them were available.

Using your knowledge of business management, prepare a response in which you use the information above to:

- identify general managerial factors that you would need to consider before making any changes in the shop's operations;
- propose two changes that you could make in the shop's internal operations; and
- explain how the changes you propose would help make your business more successful.

■ STRONG RESPONSE TO THE SAMPLE WRITTEN ASSIGNMENT

There are a number of managerial factors that the owner should consider when analyzing the coffee shop's operation. First, the owner needs to understand how customers feel about the quality of food service. Secondly, an analysis of the coffee shop's operations should be performed. Thirdly, costs and revenues must be recorded to provide a basis for calculating the shop's profitability requirements.

In terms of specific changes that might be made to improve the shop's internal operations, the owner could institute a quality program. A successful quality program requires employee involvement. This allows the owner to tap employee knowledge and helps ensure that workers will understand why the changes are needed. The program itself should establish consistent methods for preparing and delivering food, provide guidelines for employee staffing and interactions with customers, and include a means of monitoring customer service on an ongoing basis. A well-designed quality program would eliminate such problems as inconsistent food quality, long customer waits for food, and inadequate staffing.

In addition to implementing a quality program, the owner would be well advised to institute a cost control and analysis system. This would ensure that the owner has ready access to the cost data needed to determine profitability and thus be able to make sensible pricing decisions. The cost control and analysis system would also help the owner identify potential cost savings by providing the detailed information needed to make knowledgeable purchasing and staffing decisions.

Together, the two recommended changes not only address the shop's major problems but provide a means for continually upgrading its operations. Where a quality program furnishes a means for making ongoing improvements in food service, a cost control and analysis system ensures that such improvements will be implemented in a cost-effective manner.

PERFORMANCE CHARACTERISTICS AND SCORING SCALE

Performance Characteristics

The following characteristics guide the scoring of responses to the written assignment.

Purpose:	Fulfill the charge of the assignment.
Application of Content:	Accurately and effectively apply the relevant knowledge and skills.
Support:	Support the response with appropriate examples and/or sound reasoning reflecting an understanding of the relevant knowledge and skills.

Scoring Scale

Scores will be assigned to each response to the written assignment according to the following scoring scale.

Score Point	Score Point Description
4	<p>The "4" response reflects a thorough command of the relevant knowledge and skills.</p> <ul style="list-style-type: none"> • The response completely fulfills the purpose of the assignment by responding fully to the given task. • The response demonstrates an accurate and highly effective application of the relevant knowledge and skills. • The response provides strong support with high-quality, relevant examples and/or sound reasoning.
3	<p>The "3" response reflects a general command of the relevant knowledge and skills.</p> <ul style="list-style-type: none"> • The response generally fulfills the purpose of the assignment by responding to the given task. • The response demonstrates a generally accurate and effective application of the relevant knowledge and skills. • The response provides support with some relevant examples and/or generally sound reasoning.
2	<p>The "2" response reflects a partial command of the relevant knowledge and skills.</p> <ul style="list-style-type: none"> • The response partially fulfills the purpose of the assignment by responding in a limited way to the given task. • The response demonstrates a limited, partially accurate and partially effective application of the relevant knowledge and skills. • The response provides limited support with few examples and/or some flawed reasoning.
1	<p>The "1" response reflects little or no command of the relevant knowledge and skills.</p> <ul style="list-style-type: none"> • The response fails to fulfill the purpose of the assignment. • The response demonstrates a largely inaccurate and/or ineffective application of the relevant knowledge and skills. • The response provides little or no support with few, if any, examples and/or seriously flawed reasoning.

■ EVALUATION OF THE STRONG RESPONSE

This response is considered a strong response because it reflects a thorough command of relevant knowledge and skills.

Purpose. The response identifies important managerial factors that need to be understood prior to making any operational changes, then suggests two changes that would improve operations in the coffee shop. The fourth paragraph explains clearly how the proposed changes would improve business by tying them to the major problems of inconsistent food quality and inefficient staffing.

Application of Content. The response demonstrates a sound understanding of principles of business management involving planning, organizing, controlling, problem solving, and managing human resources. It begins by focusing on important areas for analysis: the customers; the operations; and the cost/revenue relationship. This analysis will allow the manager to implement changes where needed, without sacrificing features of the business that are currently working well. The business' current strengths include a "pleasant, friendly atmosphere," with an experienced and happy staff. The implementation of a quality program should improve food quality and customer service, while involving the staff in order to maintain morale and secure support for any changes in their work schedules. A cost control and analysis system would form the basis for any pricing changes that may be required to make the business more profitable. Again, this suggestion demonstrates good managerial planning, taking into account the importance of customer and employee satisfaction as well as the need for long-term profitability. Both changes suggested are described in detail in the response, showing how they would address the weaknesses of inconsistent quality, service, and staffing. In addition, both changes require monitoring, thus allowing for continued growth in accordance with informed management decisions.

Support. The response backs up its suggested changes by explaining how they can improve operations, quality, and customer satisfaction. The reasoning in the response is strong and clearly explained. For example, the quality program is supported on the grounds that "it requires employee involvement," in addition to its obvious function of providing consistency of food quality, faster customer service, and appropriate staffing. This support thus takes into account the needs and psychology of the employees as well as the desirability of keeping employees involved and motivated. The cost control and analysis system is also well supported by explaining that the data provided by such a system would allow the owner to make informed pricing, purchasing, and staffing decisions. Further support is then given for both proposed changes by pointing out that they will allow for further adjustments as future needs dictate.

■ ACKNOWLEDGMENTS

**Page
Number**

- 18 From Mary Beth Norton. *A People and a Nation: A History of the United States*, 2nd ed. © 1986, a part of Cengage Learning, Inc. Reproduced by permission. www.cengage.com/permissions.