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Readers should be advised that this practice test, including many of the excerpts used herein, is protected by federal copyright law.

Test policies and materials, including but not limited to tests, item types, and item formats, are subject to change at the discretion of the Massachusetts Department of Elementary and Secondary Education.
INTRODUCTION

This document is a printable version of the Massachusetts Tests for Educator Licensure® (MTEL®) Business (19) Online Practice Test. This practice test is a sample test consisting of 100 multiple-choice questions and 2 open-response item assignments.

To assist you in recording and evaluating your responses on the practice test, a Multiple-Choice Answer Sheet, an Answer Key Worksheet, and an Evaluation Chart by test objective are included for the multiple-choice questions. A blank Response Sheet, Evaluation Information, and Sample Responses and Analyses, as well as a Scoring Rubric, are included for the open-response items. Lastly, there is a Practice Test Score Calculation worksheet.

PURPOSE OF THE PRACTICE TEST

The practice test is designed to provide an additional resource to help you effectively prepare for the MTEL Business (19) test. The primary purpose of the practice test is to help you become familiar with the structure and content of the test. It is also intended to help you identify areas in which to focus your studies. Education faculty and administrators of teacher preparation programs may also find this practice test useful as they help students prepare for the official test.

TAKING THE PRACTICE TEST

In order to maximize the benefits of the practice test, it is recommended that you take this test under conditions similar to the conditions under which the official MTEL tests are administered. Try to take the practice test in a quiet atmosphere with few interruptions and limit yourself to the four-hour time period allotted for the official test administration. You will find your results to be more useful if you refer to the answer key only after you have completed the practice test.

INCORPORATING THE PRACTICE TEST IN YOUR STUDY PLAN

Although the primary means of preparing for the MTEL is your college education, adequate preparation prior to taking or retaking the MTEL test is strongly recommended. How much preparation and study you need depends on how comfortable and knowledgeable you are with the content of the test.

The first step in preparing to take the MTEL is to identify what information the test will address by reviewing the objectives for your field. A complete, up-to-date list of the Test Objectives is included in the Test Information Booklet for each test field. The test objectives are the core of the testing program and a helpful study tool. Before taking or retaking the official test, focus your study time on those objectives for which you wish to strengthen your knowledge.

This practice test may be used as one indicator of potential strengths and weaknesses in your knowledge of the content on the official test. However, because of potential differences in format and difficulty between the practice test and an official MTEL Business (19) test, it is not possible to predict precisely how you might score on an official MTEL Business (19) test. Keep in mind that the subareas for which the test weighting is greatest will receive emphasis on this test. Refer to the Test Information Booklet for additional information about how to prepare for the test.
BUSINESS PRACTICE TEST
GENERAL TEST DIRECTIONS

This practice test consists of two sections: (1) a multiple-choice question section and (2) an open-response item assignment section. Each multiple-choice question on the practice test has four answer choices. Read each question carefully and choose the ONE best answer. Record each answer on the answer sheet provided.

Sample Question: 1. What is the capital of Massachusetts?
   A. Worcester
   B. New Bedford
   C. Boston
   D. Springfield

The correct answer to this question is C. You would indicate that on the answer sheet.

The open-response section of this practice test requires written responses. Directions for the open-response item assignments appear immediately before those assignments.

You may work on the multiple-choice questions and open-response item assignments in any order that you choose. You may wish to monitor how long it takes you to complete the practice test. When taking the actual MTEL Business (19) test, you will have one four-hour test session in which to complete the test.
<table>
<thead>
<tr>
<th>Question Number</th>
<th>Your Response</th>
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<th>Your Response</th>
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MULTIPLE-CHOICE QUESTIONS

1. Which of the following is the best example of a manager performing the management function of controlling?

A. A marketing manager conducts market research to identify new marketing opportunities.

B. A supervisor provides performance assessments to workers along with suggestions for improvement.

C. A project manager chooses workers to serve on a team that will work on the development of a new product.

D. A store manager meets with workers to explain the company's business goals and philosophy.

2. Which of the following actions is likely to be a major step in implementing a program of Total Quality Management (TQM)?

A. analyzing business operations to identify areas where improvements in efficiency are possible

B. establishing a centralized decision-making structure in which managers are given greater authority

C. instituting a policy of promoting managers from within and basing promotions entirely on merit

D. implementing the lowest cost options that are available at all levels of the production process

3. In which of the following situations would it be most advantageous for a company to outsource a portion of its production to a qualified independent vendor?

A. Production has been switched from a batch to a continuous-flow process, and efficiency in all phases of production has increased.

B. Several new production lines have been recently added, but future demand for the product is likely to drop due to a recession.

C. Production facilities are operating close to full capacity, and managers expect a rapid increase in demand for the product.

D. A new product has just been added to the product line, but problems with quality control have not yet been eliminated.

4. When a company implements a just-in-time system for manufacturing inputs, it is most important to ensure that:

A. bulk rates for inputs are available from suppliers.

B. deliveries of inputs are scheduled during slack periods of production.

C. sufficient storage facilities for inputs are available.

D. deliveries of inputs from suppliers will not be interrupted.
5. Which of the following is likely to be one advantage of reducing the number of management levels in a company's organizational structure?

A. decreasing task differentiation and employee specialization
B. increasing the flexibility of decision making
C. decreasing the workload for middle-level managers
D. increasing morale and motivation among employees

6. Which of the following is the best example of a company changing its strategy?

A. Site managers decide to reorganize lines of authority to allow workers increased input in decision making.
B. Human resource managers decide to implement a diversity awareness program throughout the company.
C. Marketing managers decide to alter the product line to appeal to a niche rather than a general market.
D. Production managers decide to switch to continuous-flow rather than batch manufacturing.

7. The equity theory of employee motivation states that employees are motivated in proportion to their perceptions of the:

A. fairness of their compensation compared with that of others who put forth similar effort in performing similar work.
B. gap between the compensation given to upper management and the average pay of nonmanagement workers in the company.
C. extent to which they are treated as social equals by higher-ranking members of the company's workforce.
D. willingness of company managers to listen to their opinions and allow them to play a meaningful role in company decision making.

8. In mediating conflicts within a group, it is most important that a group leader be seen by all parties to the conflict as someone who is:

A. disinterested in obtaining a quick resolution of the conflict.
B. willing to allow group members to set the ground rules for the debate.
C. impartial with regard to favoring potential solutions to the conflict.
D. able to impose a solution to the conflict if necessary.
9. Which of the following is one advantage to a business of hiring independent contractors to work on projects rather than hiring regular full-time or part-time employees?

A. Staffing levels can be more easily adjusted to reflect the changing needs of the company.

B. Independent contractors are more likely to provide innovative ideas and bring new solutions to the business.

C. Independent contractors are more likely to quickly embrace the corporate culture of the business.

D. The supply of workers who are looking for freelance jobs is likely to be greater than those looking for permanent positions.

10. In which of the following cases does the company's action violate federal labor law?

A. An employee is disciplined for advocating the formation of a union in the company cafeteria during the employee's lunch hour.

B. Employees are not allowed to come to work after collective bargaining breaks down and the union threatens a strike.

C. Nonemployee union organizers are barred from company property after distributing pro-union leaflets in the company parking lot.

D. Permanent replacement workers are hired after collective bargaining breaks down and union members go on strike.

11. An employee would most likely be entitled to receive workers' compensation payments if he or she misses time at work due to:

A. a respiratory infection caught from a coworker during working hours.

B. the serious illness or death of a close relative.

C. injuries suffered while walking home from work.

D. stress associated with dealing with an abusive supervisor.

12. Health savings accounts (HSAs) are offered to employees by many companies. Employees can use money from these accounts to pay out-of-pocket health-care expenses that are not covered by the employee's health insurance plan. Which of the following best describes the primary advantage to employees of contributing to these accounts?

A. Employers must match employee contributions to the account.

B. Employee contributions to these accounts earn a high rate of government-backed interest.

C. Employee contributions to the account are not taxed.

D. Employees who sign up for these accounts pay lower deductibles on their health insurance.
13. The yearly deductible for an employee in a company's health insurance plan is $1,200. This is best interpreted to mean that:

A. the employee must pay $1,200 per year to the insurance company as his or her share of the cost of health insurance.

B. the maximum yearly amount that the insurance company will pay for routine health care for the employee is $1,200.

C. the employee must pay the first $1,200 of certain medical bills before the insurance company begins to make payments.

D. the insurance company will pay the first $1,200 of any individual medical bill and the employee will be liable for the rest.

14. A manager wants to send the same message to a half-dozen people. What type of communication channel should the manager use if the goal of the communication is to encourage interaction?

A. meeting

B. phone call

C. e-mail

D. presentation

15. In which of the following situations is the listener demonstrating active listening?

A. Mark periodically paraphrases out loud the key points made by Keysha as she explains a production plan.

B. Raul points out an error in pronunciation made by Jack while Jack is going over a new schedule.

C. Maria takes detailed notes while Jamal proposes a solution to a shipping problem.

D. Todd nods his head in agreement while listening to Marcia critique a departmental budget.
16. Use the text from a letter below to answer the question that follows.

Dear Mr. Wu:

Thank you for your letter dated 23 November addressed to our marketing director, Ms. Fernandez.

Ms. Fernandez is currently attending a conference and will be out of the office until 5 December. I shall be in contact with Ms. Fernandez and will inform her about your letter, which I know she has been looking forward to receiving.

Please contact me if I can be of any help.

Yours sincerely,

Mr. J. Hobbs
Assistant to Ms. A. Fernandez

What category of business letter is shown above?

A. confirmation
B. acknowledgement
C. inquiry
D. adjustment

17. The active voice is generally recommended for use in written business communications. Which of the following sentences is written in the active voice?

A. The report needs to be written by the departmental manager.
B. Each customer should complete the forms provided.
C. The boxes are to be sent to shipping as soon as possible.
D. The phone has to be answered before it rings three times.

18. An employee for a company is scheduled to give a public talk at an upcoming meeting of city government. The talk will be about the company's proposed expansion plans. The employee has finished the presentation that will accompany the talk. Prior to giving the talk, it would be most important that the employee also:

A. create a questionnaire to be completed by those in attendance at the talk.
B. post the talk on the Internet so that it can be viewed by all residents of the city.
C. anticipate any questions that audience members are likely to ask.
D. memorize the talk and rehearse it at the location where it will be given.
19. It would be most important to consider which of the following potential issues before using e-mail to send a sensitive business document over the Internet?

A. A computer virus can be transmitted through e-mail attachments.
B. It is easy to accidentally send an e-mail before it has been proofed for errors.
C. The tone of an e-mail can be easily misinterpreted by the recipient.
D. The security of an e-mail may be compromised during transmission.

20. When faxing a business document, it is most important to:

A. make an extra hard copy of the document before it is sent.
B. increase the font size on the document to facilitate reading.
C. request that the recipient confirm having received the document.
D. include a cover sheet identifying the total number of pages in the fax.

21. A clothing retailer signs a contract with a manufacturer to purchase 6,000 units of a particular style of dress shirt at a price of $12 per shirt. The contract specifies only that the shirts be a blend of 60 percent cotton and 40 percent polyester and that they be delivered by June 14. Which of the following would be a valid reason for the retailer to refuse to accept the shipment of shirts or pay the manufacturer?

A. Cotton prices have risen sharply and the manufacturer asks the retailer to pay $12.50 per shirt.
B. Sales of dress shirts have dropped and the retailer's store inventories are higher than expected.
C. The retailer believes that some of the colors of shirts sent by the manufacturer will not sell well.
D. The retailer found another manufacturer willing to provide identical shirts at a lower price.
22. Federal antitrust legislation would most likely apply in which of the following cases?

A. Senior members of a large brokerage firm are accused of insider trading of stocks.
B. A large privately held company wishes to go public with an initial public offering (IPO) of stock.
C. A large financial services company is accused of systematically defrauding consumers.
D. The nation's largest and third-largest telecommunications companies wish to merge.

23. Consumers in several cities become seriously ill after eating blackberries sold at a particular supermarket chain. Health authorities trace the illness to an independent grower who sprayed contaminated irrigation water on the berries. The grower sold the berries to a wholesaler, who packed the berries and sold them to the supermarket chain. Which of the following elements of the supply chain for the blackberries is likely to be held liable if lawsuits are filed by the individuals who were sickened by the berries?

A. the grower who grew and picked the berries
B. the wholesaler who packaged the berries
C. the supermarket chain that distributed the berries
D. the managers of the stores that sold the berries to consumers

24. Which of the following statements most accurately compares how copyright law is applied to written or printed material with the way it is applied to digital material posted on the Internet?

A. Digital material posted on the Internet is protected under a different, less restrictive, set of copyright laws.
B. Copyright protections for digital material posted on the Internet are the same as those for written or printed material.
C. Digital material posted on the Internet is protected only if it was posted originally on a site with a registered domain name.
D. Copyright protections for digital material posted on the Internet are enforced for a shorter period of time than for written or printed material.

25. In response to widespread piracy of digital music and videos on the Internet, Congress passed the Digital Millennium Copyright Act. This act specifically prohibits the manufacture or distribution of software designed primarily for:

A. circumventing encryption or other technology protecting digital works.
B. sharing digital files on the Internet.
C. downloading digital material from the Internet.
D. streaming digital material online.
26. One provision of the Massachusetts Health Care Reform Act of 2006 states that businesses with more than ten employees that do not contribute to the health-care insurance of their employees:

A. must provide basic health-care services directly to employees.
B. would be assigned a lower priority when bidding on state contracts.
C. must pay a higher rate on state tax of corporate profits.
D. would be assessed an annual fee to help fund state health programs.

27. The sole proprietor of an established software design business decides to invest an additional $10,000 of her own money to buy new equipment and hire a new employee. The effect of this additional investment will be to:

A. increase the business's assets.
B. decrease owner's equity.
C. increase profits.
D. decrease liabilities.

28. On May 31, Hadrian Trading Services issued an invoice to Jonathan Smith for brokerage commissions in the amount of $2,000. A month later, Smith sent a partial payment in the amount of $1,000. When recording the payment, the accountant of Hadrian Trading Services should credit which of the following accounts for the amount of $1,000?

A. revenue commissions
B. cash
C. accounts receivable
D. provision for bad debts

29. A trial balance is useful for which of the following purposes?

A. showing the financial situation of a business at a given date
B. verifying that total debits equal total credits
C. summarizing the changes in the owner's equity of a business
D. ensuring that all account adjustments are entered correctly
30. **Use the spreadsheet below to answer the question that follows.**

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<th>B</th>
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<td>Sales Pizza—pick-up</td>
<td>25,000</td>
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<tr>
<td>2</td>
<td>Sales Pizza—delivery</td>
<td>35,000</td>
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<td>3</td>
<td>Total sales</td>
<td>60,000</td>
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<tr>
<td>4</td>
<td>Variable expenses</td>
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<td>5</td>
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<td>6</td>
<td>Total expenses</td>
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<td>7</td>
<td>Net income</td>
<td>20,000</td>
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<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

An accountant is using the electronic spreadsheet above to prepare his forecast for the next year. After reviewing the data, the accountant decides to increase the content of cell B1 and B4 by 10%. Which of the following cells will remain the same after these changes are made?

A. B2  
B. B3  
C. B6  
D. B7
31. An accounting clerk at a business receives cash from customers and provides them with receipts. At the end of each day, the clerk posts the amount received to accounts receivable in the business's computerized accounting program. Which of the following changes to this routine would improve the business's internal controls over its cash flow?

A. informing customers that only checks or credit cards are acceptable to avoid manipulation of cash
B. implementing computer safety devices such as firewalls to protect customers' personal information
C. reminding the clerk of the business's code of ethics with regards to the manipulation of cash
D. assigning a second employee to receive the cash from customers and provide receipts

32. At the end of a given financial period, an accountant purposely fails to record the appropriate deferral entries for expenses that were paid in advance. This will result in which of the following potentially fraudulent manipulations of the financial statements?

A. The current period's liabilities will be overstated.
B. The next period's earnings will be overstated.
C. The current period's net profit will be overstated.
D. The next period's cost of goods sold will be overstated.
33. Which of the following best describes the primary purpose of the balance sheet?

A. providing a list of a business's general ledger account balances at a given date
B. summarizing revenues, expenses, and net income or loss for a business over a given period
C. providing a detailed account of a business's financial position at a given date
D. summarizing the changes in equity due to investments and profit or loss for a given period

34. Which of the following is categorized as investment activity on the Statement of Cash Flows for a business?

A. buying equipment
B. issuing bonds payable
C. selling treasury stock
D. paying dividends

35. Use the excerpt from a manufacturer's financial statement below to answer the question that follows.

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<tbody>
<tr>
<td>Current Assets</td>
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<tr>
<td>Long-Term Assets</td>
<td>160,000</td>
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<tr>
<td>Current Liabilities</td>
<td>80,000</td>
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<tr>
<td>Long-Term Liabilities</td>
<td>130,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>200,000</td>
</tr>
</tbody>
</table>

Based on the information in the excerpt above, what is the manufacturer's debt ratio?

A. 0.66
B. 0.75
C. 1.05
D. 1.5
36. Which of the following ratios is the most useful to a manager for evaluating whether the assets of a division are used efficiently?

A. return on investment  
B. inventory turnover  
C. return on equity  
D. accounts receivable turnover

37. During a given year of operation, a business issues $50,000 of common stock, pays dividends of $20,000, and pays back a bank loan of $10,000. What is the net cash provided by these activities for that year?

A. $(10,000)  
B. $ 20,000  
C. $ 30,000  
D. $ 50,000

38. At the end of a given year, a business counted too much ending inventory by mistake. Which of the following describes one way in which the overstated ending inventory will affect the business's financial statements for that year?

A. Liabilities will be understated.  
B. Cost of goods sold will be understated.  
C. Net income will be understated.  
D. Owner's equity assets will be understated.

39. The breakeven point for a product would be most likely to rise when:

A. costs for raw material have decreased.  
B. production is running at maximum capacity.  
C. more factory space is needed due to increase in production.  
D. inventory is lower due to seasonal decrease in sales.
40. A business that makes only one type of product sold 10,000 units at $50/unit and made a profit of $100,000 last year. The manager is forecasting that another 12,000 units will be sold this year. Assuming that the unit price, the variable cost of $20/unit, and the fixed costs remain at the same level, what will be the total profit if sales increase to 12,000 units?

A. $104,000  
B. $112,000  
C. $160,000  
D. $200,000

41. A customer's total bill for two perennial plants is $10. The cashier informs the customer that there is a discount of 10% on quantities of 10 or more perennials. The customer decides to get 10 more plants. What will be the customer's total bill for the 12 plants?

A. $48  
B. $54  
C. $55  
D. $60

42. Use the list of salaries below to answer the question that follows.

<table>
<thead>
<tr>
<th>Employee</th>
<th>Annual Salaries $</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>65,000</td>
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<tr>
<td>B</td>
<td>60,000</td>
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<tr>
<td>C</td>
<td>43,000</td>
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<tr>
<td>D</td>
<td>36,000</td>
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<tr>
<td>E</td>
<td>32,000</td>
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<tr>
<td>F</td>
<td>24,000</td>
</tr>
<tr>
<td>G</td>
<td>20,000</td>
</tr>
<tr>
<td>H</td>
<td>20,000</td>
</tr>
<tr>
<td>I</td>
<td>20,000</td>
</tr>
<tr>
<td>J</td>
<td>20,000</td>
</tr>
</tbody>
</table>

According to the list above, which of the following is the median salary of the employees shown?

A. $20,000  
B. $28,000  
C. $34,000  
D. $36,000
43. An insurance company sells life insurance policies for $300 each. Each policy carries a death benefit of $120,000. The probability that a policyholder will claim the death benefit during the year is 1 in 600. If the company expects to sell a minimum of 1,200,000 policies, what is the expected profit per policy sold?

A. $ 50  
B. $100  
C. $200  
D. $250

44. A car dealer sells cars in 4 colors. Black is the least popular color. Red and blue are twice as popular as black. Silver is twice as popular as red and blue. What is the probability that the next car sold will be silver?

A. \( \frac{3}{4} \)  
B. \( \frac{5}{7} \)  
C. \( \frac{1}{2} \)  
D. \( \frac{4}{9} \)

45. Which of the following would most accurately calculate the maturity value \( M \) of a deposit of $5,000 earning 4% per year compounded semiannually for 2 years?

A. \( M = 5,000 \left(1 + 0.02\right)^2 \)  
B. \( M = 5,000 \left(1 + 0.04\right)^4 \)  
C. \( M = 5,000 \left(1 + 0.02\right)^4 \)  
D. \( M = 5,000 \left(1 + 0.04\right)^2 \)

46. A cell phone distributor has an ending inventory of 400 phones with a total retail value of $11,700. There are two types of phones, the G phones that retail for $65 each, and the Z phones that retail for $15 each. How many G phones does the distributor have?

A. 57  
B. 114  
C. 187  
D. 234
47. Which of the following examples best illustrates the economic concept of diminishing marginal utility?

A. A person who eats dinner at a particular restaurant three days in a row chooses to eat at a different restaurant on the fourth day.

B. A new car costs $500 to maintain for the first year after its purchase, $1,000 for the second year, and $2,500 for the third year.

C. The cost per unit of producing brooms at a factory decreases as the number of brooms produced per month increases.

D. The price of a particular model of digital camera declines after the camera has been on the market for several years.

48. Which of the following best describes one difference between a free-market system and a monopoly?

A. The supply of goods in a monopoly is likely to more closely reflect demand.

B. Goods sold in a free-market system are likely to be of higher quality than equivalent goods sold in a monopoly.

C. Consumers are likely to have more choices of styles available for goods sold in a monopoly.

D. Goods sold in a free-market economy are likely to be higher in price than equivalent goods sold in a monopoly.

49. Prices are most closely determined by the interaction of supply and demand in which of the following types of market structures?

A. oligopoly

B. perfect competition

C. monopoly

D. monopolistic competition

50. Which of the following best explains why the U.S. automobile industry is considered an oligopoly?

A. The cost of owning an automobile is greater than ten percent of an average family's income.

B. The automobile industry is one of the top three industries in the United States in terms of its contribution to the gross domestic product.

C. Seventy-five percent of automobile sales are accounted for by the four largest firms in the industry.

D. Automobiles are sold to consumers through independent dealerships rather than directly from the manufacturer.
51. A rise in production costs that is passed along to the consumer in the form of a significant price increase would likely lead to the greatest reduction in demand for which of the following products?

A. new houses
B. wheat
C. detergent
D. pencils

52. A jewelry store has operated in a small town for over 30 years and has always turned a reasonable profit without resorting to sales or other types of marketing promotions. Which of the following events would most likely cause store managers to rethink this strategy and significantly increase the amount of resources allocated to promoting the store's products?

A. Store managers are planning to renovate the store and add better lighting and new display cabinets.
B. Price increases for several types of precious stones make it unfeasible for the store to carry certain items.
C. Store managers expect that short-term demand for the store's products will increase.
D. An outlet for a discount chain of jewelry stores has opened up in a neighboring town.

53. A company produces catalytic converters for the automobile industry. Each converter contains a small amount of platinum as a catalyst. If the supply curve for platinum shifts to the left, the company that makes the converters would most likely respond by:

A. raising the price of each converter.
B. reducing the amount of platinum in each converter.
C. increasing production of converters.
D. offering new customers discounts on purchases of its converters.

54. Which of the following will occur if consumption, as a percent of gross domestic product (GDP), decreases and there are no other offsetting changes?

A. Employment levels will decrease.
B. Inflation will increase.
C. Inventories will decrease.
D. Production will increase.
55. One function of money is that it allows value to be stored easily. Which of the following best explains one advantage of using money to store value rather than other assets such as real estate or fine art?

A. Money can be exchanged at any time for an equivalent value of gold or silver.
B. The purchasing power of money does not change over time.
C. Money is more liquid than most other assets.
D. Interest paid on invested money is generally greater than the gains in value of other assets.

56. Compared with a country that has a largely capitalist economy, one that has a largely socialist economy is more likely to have:

A. reduced barriers to free trade.
B. lower taxes on businesses and workers.
C. greater personal freedom.
D. greater government control of major industries.

57. Compared with mixed economic systems, systems characterized by free-market capitalism tend to have:

A. greater social and economic inequality.
B. lower rates of productivity and economic growth.
C. more frequent incidences of scarcity or oversupply.
D. fewer consumer choices of products and services.

58. Which of the following is the most important factor in bringing about the end of the expansion phase of a business cycle and the beginning of a recession?

A. a decline in spending by businesses and consumers
B. an increase in prices for consumer products and services
C. a fall in short-term interest rates
D. a rise in business productivity
59. Which of the following is the best example of structural unemployment?

A. Additional sales staff hired at a business during the holiday season are laid off after the season ends.
B. A decline in sales due to a recession forces a business to lay off 20% of its workforce.
C. A group of skilled workers lose their jobs when technological advances render their skills obsolete.
D. Workers for a company that goes out of business are unemployed while they search for new jobs.

60. Which of the following actions is the Federal Reserve most likely to take in response to an increase in the inflation rate?

A. decreasing reserve requirements of financial institutions
B. increasing its sales of U.S. government treasury securities
C. decreasing the discount rate charged to banks
D. increasing the amount of money printed at the U.S. mints

61. An advertisement for a men's cologne shows a ruggedly handsome mountain climber clinging to a cliff side and laboriously hauling himself up to the top, where he stands and surveys the surrounding countryside. The ad then cuts to the same man eating dinner at a restaurant with a beautiful woman. This ad most likely appeals to which of the following consumer characteristics?

A. social network
B. subculture
C. self-image
D. life cycle

62. Which of the following is one difference between business-to-business marketing and direct marketing to consumers?

A. Business-to-business marketing plans rely more heavily on large-scale promotional campaigns for individual products.
B. Business customers are more likely to make their buying decisions based on actual, rather than perceived, wants and needs.
C. Business-to-business marketing plans rely more heavily on niche and other types of differentiated marketing strategies.
D. Business customers are likely to have a considerably wider range of competing products from which to choose.
63. A company would most appropriately conduct extensive test-marketing of a new product when:
   A. little or no competition for the product currently exists.
   B. the product is an addition to an already existing product line.
   C. an undifferentiated strategy will be used to market the product.
   D. the costs of introducing the new product are high.

64. A company would be most likely to use a price-skimming strategy for a product in which prices are set high to maximize profits when:
   A. a product's sales have declined as it nears the end of its life cycle.
   B. the company is trying to capture market share for the product in a highly competitive market.
   C. a newly introduced product is popular and has little competition.
   D. the company wishes to recoup costs associated with a failed product that will soon be pulled from the market.

65. Marketers at a company would be most likely to offer product discounts to customers under which of the following circumstances?
   A. The product has little competition in its market from other products.
   B. Development and production costs for the product are high.
   C. A market differentiation strategy is used to market the product.
   D. The company has high inventories of the product.

66. Which of the following is the best example of marketers in a company using a "push" strategy of marketing for breakfast cereal?
   A. including a toy in the company's brands that are marketed to children
   B. placing coupons for the company's brands in newspaper inserts
   C. advertising the company's brands on popular television shows
   D. convincing retailers to provide more shelf space for the company's brands
67. A company that makes fishing rods and other angling equipment is setting up a web site to market its products online. In designing the web site, it would be most important to:

A. maximize the use of state-of-the-art graphics in the site.
B. minimize the complexity of navigating the site.
C. maximize the interactive capability of the site.
D. minimize the number of links provided by the site.

68. The removal of many barriers to free trade over the past two decades has lead most directly to:

A. a decrease in the price of most consumer goods.
B. an increase in the stability of foreign exchange rates.
C. a decrease in the gross domestic product of less-developed nations.
D. an increase in the comparative advantage of U.S. manufacturing.

69. Multinational corporations are often highly vertically integrated and distribute their production and assembly tasks to many facilities located in different countries. This gives these corporations a competitive edge by:

A. allowing them to assign tasks to facilities in countries that have a comparative advantage for that task.
B. establishing brand loyalties in those countries in which they have production or assembly facilities.
C. reducing costs for transporting inputs to production centers and finished products to consumers.
D. allowing them to assign tasks to facilities in countries that have high trade barriers.

70. A government wishes to protect its agricultural sector by ensuring that domestic producers can sell their products at lower prices than those of imported commodities. The most effective way for the government to do this without raising tariffs would be to:

A. establish price supports for both domestic and imported commodities.
B. set import quotas on imported commodities.
C. require foreign firms to enter into joint ventures with domestic partners.
D. provide subsidies to domestic producers.
71. The Organization of Petroleum Exporting Countries (OPEC) influences the world oil market primarily by:
   A. manipulating supply.
   B. providing subsidies to producers.
   C. adjusting demand.
   D. setting prices.

72. Which of the following best describes one of the primary functions of the World Bank?
   A. setting interest rates that one country can charge another country to which it loans money
   B. regulating the international money supply
   C. providing low or no interest loans or grants to low income countries to promote economic growth
   D. setting the exchange rates used in international trade

73. Cultures often differ in the importance that individuals place on social rank. In their initial contacts with unfamiliar counterparts from such a culture, U.S. business managers should emphasize:
   A. aggressive negotiating tactics.
   B. friendly interpersonal relationships.
   C. formal and respectful interactions.
   D. cooperative consensus building.

74. Which of the following is the best definition of cultural stereotyping?
   A. perceiving another culture to be more homogeneous than it really is
   B. interpreting the actions of people from other cultures based on one's own cultural experiences
   C. believing that one's own culture is superior to any other culture
   D. interpreting people's actions based only on situational context rather than cultural considerations

75. Which of the following statements about the role of small businesses in the U.S. economy is true?
   A. Small businesses provide more capital to the U.S. economy than do large businesses.
   B. Small businesses contribute the majority of tax revenue to the U.S. Treasury.
   C. Small businesses provide more jobs in the U.S. economy than do large businesses.
   D. Small businesses generate most of the U.S. gross domestic product.
76. In general, successful entrepreneurs are most likely to be:
   A. self-confident.
   B. cautious.
   C. idealistic.
   D. pessimistic.

77. Entrepreneurs are often more successful than large corporations in penetrating markets that are relatively saturated because entrepreneurs are usually better able to:
   A. remain in the market despite setbacks.
   B. design innovative advertising campaigns.
   C. comply with consumer protection laws.
   D. address specialized needs of customers.

78. Which of the following describes a significant difference between a limited liability company (LLC) and a standard corporation?
   A. LLCs are not covered by government antitrust laws.
   B. LLCs are allowed to transfer all income tax to members.
   C. LLCs are required to file articles of organization with the state.
   D. LLCs are independent entities solely responsible for their debts.

79. An entrepreneur is considering several different locations within a large city for the site of a family-style restaurant. In selecting a location, the entrepreneur should give the highest priority to which of the following types of information?
   A. the proximity of each location to schools, libraries, and other public buildings
   B. the number and characteristics of media outlets in each area
   C. the proximity of each location to supermarkets and other sources of supplies
   D. the number and characteristics of similar restaurants in each area
80. A small business that has been in operation for a year would most likely refer to its business plan to:

A. assess and adjust the business's goals over time.
B. provide information on products and services for financial backers.
C. promote the brand name and features of its products and services.
D. document monthly financial reports and yearly tax returns.

81. When applying for a loan to start up a new business, it would be most important for an entrepreneur to:

A. request a larger amount of money than is actually needed.
B. provide specifics about how the money will be used.
C. provide technical information about the proposed business's products.
D. avoid discussing potential risks the proposed business may encounter.

82. In the service industry, simulation software is often used to:

A. determine how changing a company's costs affects its profitability.
B. create training programs for employees.
C. capture and analyze real-time sales data.
D. exchange information between satellite offices.

83. In slide-show presentation software, the transition feature is used to:

A. fade graphics and charts in and out of a slide.
B. create visual interest when changing from one slide to the next.
C. insert links to other pages in the presentation.
D. insert a music clip at the beginning and ending of the presentation.

84. Web addresses that end in which of the following are likely to provide the most unbiased business-related information?

A. .com
B. .biz
C. .net
D. .gov
85. Which of the following questions is most important to ask first when attempting to identify the technology needs of a business?

A. How much money has been budgeted for technology?
B. What are the company's business objectives?
C. What is the current level of employees' technology skills?
D. How have similar companies used technology effectively?

86. Which of the following examples most resembles the Internet security threat known as phishing?

A. An individual receives an e-mail from a bank asking for his or her account number and PIN for "account verification" purposes.
B. An employee receives an e-mail attachment from an unknown source that has a file attachment with a .doc extension.
C. An employee with a wireless network connection attempts to gain access to confidential files on a company's network.
D. An individual redirects a company's online customers to a fake site that collects and processes the online store's orders.

87. The computer language SQL is most often used to:

A. encrypt data on the Internet.
B. embed video files on a web site.
C. create simple animations.
D. extract information from a database.

88. In Internet marketing, affiliate programs are most similar to which of the following marketing strategies?

A. loss leaders
B. word-of-mouth referrals
C. subscription services
D. point-of-sale marketing

89. In almost all businesses, managers view which of the following personal attributes as most important in an applicant for an entry-level position?

A. an analytical mind
B. reliability
C. an extroverted disposition
D. humor
90. A high school senior plays an active role in a community association. The senior serves as secretary and treasurer, writing and distributing the minutes and keeping track of the group's finances. She also enjoys taking responsibility for arranging group activities, contacting members, and taking on many of the little tasks that help keep the association running smoothly. Based on her role in the association, a personal assessment of this individual would likely include which of the following qualities as one of her strengths?

A. good judgment
B. highly developed creativity
C. superior organizational ability
D. strong sense of humor

91. Which of the following is the best example of using a networking strategy in a job search?

A. calling human resource managers of local businesses to ask about job opportunities
B. reading job listings on the web sites of major companies
C. meeting with corporate recruiters at an on-campus job fair to review available positions
D. asking friends, family, and teachers for leads on possible jobs

92. A student has made a list of internships that are available at a number of different companies. In deciding which internships would be most likely to help advance his career, the student should first ask himself which of the following questions about each internship?

A. What can this internship teach me about my chosen field?
B. How many other individuals with my qualifications are likely to apply for this internship?
C. How much money will I earn over the course of this internship?
D. What method will the company use to evaluate my performance during this internship?

93. When a student is making a transition from school to work, job shadowing is most useful for:

A. providing the student with information about the qualifications needed to apply for a particular job.
B. helping the student decide if he or she is interested in pursuing a particular job.
C. teaching the student how to communicate with other workers and managers on the job.
D. giving the student hands-on experience in performing a particular job.
94. A person is applying for a job at several different companies. Which of the following tactics is most likely to ensure her applications are taken seriously?

A. customizing the cover letter and résumé used for each company
B. providing all companies with details about any offer that is made by another company
C. using a different set of references on each application
D. mentioning in each cover letter that applications have been sent to several other companies

95. Variation in the cost of living among geographic areas is influenced primarily by differences in the cost of:

A. transportation.
B. food.
C. health care.
D. housing.

96. A couple is developing a household budget with the goal of increasing their discretionary income. After recording all of their sources of monthly income, they should next determine:

A. which optional expenditures should be given the highest priority.
B. the amount of money they would like to save each month.
C. which of their monthly expenses are relatively fixed.
D. the value of their assets other than monthly income.

97. Which of the following is the primary advantage of using a home equity line of credit to consolidate and pay off a large credit card debt?

A. Home equity loans generally do not have fees for late payments.
B. The monthly payment on a home equity loan does not vary from month to month.
C. The cost of interest will generally be lower for a home equity loan.
D. Additional payments can be made on a home equity loan to reduce the life of the loan.
98. Payroll taxes, such as the Social Security tax, differ from federal and state income taxes in which of the following ways?

A. Payroll taxes are paid by both the employer and by the employee.
B. Federal and state income taxes are withheld by the employer from each employee's paycheck.
C. Payroll taxes are not collected on the first $50,000 of income.
D. Federal and state income taxes are paid by both employees and self-employed individuals.

99. Which of the following is an example of an expense that can be itemized as a deduction on an individual's federal personal income tax return?

A. state income tax payments
B. interest paid on a car loan
C. Social Security tax payments
D. interest paid on a credit card

100. A consumer would best be able to evaluate which of the following advertising claims?

A. Ridge Line boots will last a lifetime and keep your feet warm and dry, no matter where you wander.
B. Willie's Wheat Crunchies cereal has the nutrition moms love and the taste kids prefer.
C. The High Gear delivers ten standard safety features and the best gas mileage of any small pick-up truck.
D. Bahama Breeze soft drinks will give you the taste of the tropics in every bottle.
DIRECTIONS FOR THE OPEN-RESPONSE ITEM ASSIGNMENTS

This section of the test consists of two open-response item assignments that appear on the following pages. You will be asked to prepare a written response of approximately 150–300 words (1–2 pages) for each assignment. You should use your time to plan, write, review, and edit your response for each assignment.

For each assignment, read the topic and directions carefully before you begin to work. Think about how you will organize your response. You may use any blank space in this test booklet to make notes, write an outline, or otherwise prepare your response.

As a whole, your response to each assignment must demonstrate an understanding of the knowledge of the field. In your response to each assignment, you are expected to demonstrate the depth of your understanding of the subject area by applying your knowledge rather than by merely reciting factual information.

Your response to each assignment will be evaluated based on the following criteria.

- **PURPOSE:** the extent to which the response achieves the purpose of the assignment
- **SUBJECT KNOWLEDGE:** appropriateness and accuracy in the application of subject knowledge
- **SUPPORT:** quality and relevance of supporting evidence
- **RATIONALE:** soundness of argument and degree of understanding of the subject area

The open-response item assignments are intended to assess subject knowledge. Your responses must be communicated clearly enough to permit valid judgment of the evaluation criteria by scorers. Your responses should be written for an audience of educators in this field. The final version of each response should conform to the conventions of edited American English. Your responses 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 topics. Please write legibly. You may not use any reference materials during the test. Remember to review your work and make any changes you think will improve your responses.

Write or print your response in the space provided following the assignment.
Use the passage below to complete the exercise that follows.

Wilson's Nursery and Garden Center is a second-generation family business that supplies high-quality greenhouse and nursery plants. Most of the plants are grown on site and are sold to several landscaping firms in the community and to the general public. For an additional charge, Wilson's will deliver and plant trees and shrubs for customers. Wilson's has always prided itself on customer service and has invested considerable resources in training and paying a highly motivated sales force to provide friendly and knowledgeable advice to customers on selecting and caring for their plants. Recently, Wilson's managers have learned that a large discount store is planned for the area. The store will include a garden center that will sell gardening tools and supplies and plants shipped in from low-cost growers outside the area. Wilson's managers are concerned that they will see sales and profits decline after the new discount store opens. As a first step in deciding how to act, they decide to identify the current strengths and weaknesses of their own business.

Using your knowledge of business, write an essay in which you:

• identify two types of information that will help Wilson's managers identify the current strengths and weaknesses of their own business; and

• explain how each type of information would help Wilson's managers make decisions about specific actions they should take to help maintain sales and profitability.
Use the passage below to complete the exercise that follows.

SwissTech Snowboards is a sole proprietorship that manufactures snowboards and snowboarding equipment. In the past, the company has done quite well, and the owner is satisfied with the rate of growth. However, the economy is now going through a period of recession, sales are slower than in previous years, and it is getting more and more difficult to secure much needed credit from the banks. It is the end of the financial year and the controller of the company is concerned that the company will not be able to obtain the credit necessary to continue operations.

As he prepares the end-of-year financial statements, the controller decides to record as sales a load of snowboards and bindings that has not yet been shipped to the client. The controller feels that this will improve the company balance sheet and make it easier to obtain credit. However, the better-than-expected numbers surprise the owner who then asks for a bigger loan than previously planned. With the additional money, he plans to pursue new product development and fund a marketing campaign to promote his products to new target markets.

Upon receiving SwissTech's loan application, the loan officer asks for audited financial statements. The owner asks an auditing firm to prepare the documents, and it comes up with a much more pessimistic picture of the company's financial position than the one initially presented by the company's controller.

Using your knowledge of business, write an essay in which you:

- critique the decisions made by the controller and owner of SwissTech in the case study presented above and explain why their actions were problematic; and

- identify two alternative steps that the owner and controller could have taken to help the company obtain needed financing and explain why each step would be effective.
OPEN-RESPONSE SHEET—ASSIGNMENT #2
PRACTICE TEST RESULTS
PRACTICE TEST RESULTS OVERVIEW

The practice test provides valuable information regarding your preparedness for the MTEL Business (19) test. In this section, you will find information and tools to help you determine your preparedness on the various sections of the test.

Multiple-Choice Questions

A Multiple-Choice Question Answer Key Worksheet is provided to assist you in evaluating your multiple-choice responses. The worksheet contains five columns. The first column indicates the multiple-choice question number, the second column indicates the objective to which the test question was written, and the third column indicates the correct response. The remaining columns are for your use in calculating the number of multiple-choice questions you answered correctly or incorrectly.

An Evaluation Chart for the multiple-choice questions is also provided to help you assess which content covered by the test objectives may require additional study.

Open-Response Items

Evaluation Information, Sample Responses and Analyses, as well as a Scoring Rubric are provided for these items. You may wish to refer to this information when evaluating your practice test responses.

Total Test

Practice Test Score Calculation information is provided to help you estimate your score on the practice test. Although you cannot use this practice test to precisely predict how you might score on an official MTEL Business (19) test, you may be able to determine your degree of readiness to take an MTEL test at an operational administration. No passing score has been determined for the practice test.
## MULTIPLE-CHOICE QUESTION
### ANSWER KEY WORKSHEET

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<th>Objective Number</th>
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### MULTIPLE-CHOICE QUESTION
### ANSWER KEY WORKSHEET (continued)

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### MULTIPLE-CHOICE QUESTION
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Count the number of multiple-choice questions you answered correctly:

_________ of 100 multiple-choice questions

43
MULTIPLE-CHOICE QUESTION
PRACTICE TEST EVALUATION CHART

In the evaluation chart that follows, the multiple-choice questions are arranged in numerical order and by test objective. Check your responses against the correct responses provided to determine how many questions within each objective you answered correctly.

<table>
<thead>
<tr>
<th>Subarea I: Business Management</th>
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</thead>
<tbody>
<tr>
<td><strong>Objective 0001:</strong> Understand principles, functions, and methods of organizational, operational, and financial management.</td>
</tr>
</tbody>
</table>
| 1B_____ 2A_____ 3C_____ 4D_____ 5B_____ 6C_____
| ____/6 |

| **Objective 0002:** Understand principles and methods of human resource management. |
| 7A_____ 8C_____ 9A_____ 10A_____ 11D_____ 12C_____ 13C_____
| ____/7 |

| **Objective 0003:** Understand business communications. |
| 14A_____ 15A_____ 16B_____ 17B_____ 18C_____ 19D_____ 20D_____
| ____/7 |

| **Objective 0004:** Understand principles of business law, the legal environment of business, and issues related to ethics and social responsibility in business. |
| 21A_____ 22D_____ 23A_____ 24B_____ 25A_____ 26D_____
| ____/6 |

Subarea I (Objectives 0001–0004) Total ____/26
### MULTIPLE-CHOICE QUESTION

#### PRACTICE TEST EVALUATION CHART (continued)

<table>
<thead>
<tr>
<th>Subarea II: Accounting and Quantitative Analysis</th>
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<tbody>
<tr>
<td><strong>Objective 0005:</strong> Understand basic principles and applications of accounting.</td>
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<tr>
<td>27A_____ 28C_____ 29B_____ 30A_____ 31D_____ 32B_____ ____/6</td>
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<tr>
<td><strong>Objective 0006:</strong> Understand principles and methods for generating and interpreting financial statements and ratios in accounting.</td>
</tr>
<tr>
<td>33C_____ 34A_____ 35B_____ 36A_____ 37B_____ 38B_____ 39C_____ ____/7</td>
</tr>
<tr>
<td><strong>Objective 0007:</strong> Understand basic techniques of mathematics and quantitative analysis in business.</td>
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<tr>
<td>40C_____ 41B_____ 42B_____ 43B_____ 44D_____ 45C_____ 46B_____ ____/7</td>
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Subarea II (Objectives 0005–0007) Total ____/20

<table>
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<tr>
<th>Subarea III: Economics</th>
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<tbody>
<tr>
<td><strong>Objective 0008:</strong> Understand basic concepts and applications of microeconomics.</td>
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<tr>
<td>47A_____ 48B_____ 49B_____ 50C_____ 51A_____ 52D_____ 53A_____ ____/7</td>
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<tr>
<td><strong>Objective 0009:</strong> Understand basic concepts and applications of macroeconomics.</td>
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<tr>
<td>54A_____ 55C_____ 56D_____ 57A_____ 58A_____ 59C_____ 60B_____ ____/7</td>
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Subarea III (Objectives 0008–0009) Total ____/14
### MULTIPLE-CHOICE QUESTION

#### PRACTICE TEST EVALUATION CHART (continued)

#### Subarea IV: Marketing

<table>
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<tr>
<th>Objective 0010: Understand basic principles of marketing and marketing research.</th>
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<tr>
<th>Objective 0011: Understand international business, marketing, and trade.</th>
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Subarea IV (Objectives 0010–0011) Total _____/14

#### Subarea V: Entrepreneurship and Business Technology

<table>
<thead>
<tr>
<th>Objective 0012: Understand principles of entrepreneurship and types and characteristics of business ownership.</th>
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<tr>
<th>Objective 0013: Understand methods and systems of information processing and their applications to business.</th>
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Subarea V (Objectives 0012–0013) Total _____/14
### Subarea VI: Career Development and Personal Finance

**Objective 0014:** Understand career opportunities in business and principles and strategies of career development.

<table>
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<tr>
<th>89B</th>
<th>90C</th>
<th>91D</th>
<th>92A</th>
<th>93B</th>
<th>94A</th>
<th>____/6</th>
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**Objective 0015:** Understand basic principles of consumer economics and personal finance.

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<tr>
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<th>96C</th>
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Subarea VI (Objectives 0014–0015) Total ____/12
OPEN-RESPONSE ITEM EVALUATION INFORMATION

How Open-Response Items Are Scored

Open-response items are scored through a process called focused holistic scoring. Scorers judge the overall effectiveness of the response rather than individual aspects considered in isolation. Scorer judgments are based on the quality of the response, not on length or neatness. Responses must be long enough to cover the topic adequately and scorers must be able to read what is written.

How to Evaluate Your Practice Responses

On the following pages, you will find two "strong" and two "weak" sample responses. PLEASE DO NOT REVIEW THE SAMPLE RESPONSES UNTIL AFTER YOU HAVE WRITTEN YOUR OWN RESPONSE. When you do review the two "strong" and "weak" sample responses and analyses included here, please note the following points:

✓ For the purposes of the practice test, responses are identified as "strong" or "weak" rather than given a score point of 1–4.

✓ The responses identified as "strong" may contain flaws; however, these responses do demonstrate the performance characteristics of a "strong response."

✓ The two "strong" responses demonstrate the examinees' appropriate understanding and application of the subject matter knowledge. However, these responses do not necessarily reflect the full range of "correct answers" that would demonstrate an understanding of the subject matter.

✓ The "Analysis" accompanying each "strong" and "weak" response discusses the main attributes of the responses, but does not identify all flaws or strengths that may be present.

Compare your practice responses to the Sample Responses to determine whether your responses are more similar to the strong or weak responses. Also review the Analyses on those pages and the Scoring Rubric to help you better understand the characteristics of strong and weak responses. This evaluation will help you identify specific problems or weaknesses in your practice responses. Further information on scoring can be found in the Test Information Booklet and Faculty Guide at www.mtel.nesinc.com and at www.doe.mass.edu/mtel; select "FAQ," then "After the Test."
OPEN-RESPONSE ITEM
SCORING RUBRIC, SAMPLE RESPONSES, AND ANALYSES
Performance Characteristics:

<table>
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<tr>
<th>Purpose</th>
<th>The extent to which the response achieves the purpose of the assignment.</th>
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<tr>
<td>Subject Matter Knowledge</td>
<td>Accuracy and appropriateness in the application of subject matter knowledge.</td>
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<tr>
<td>Support</td>
<td>Quality and relevance of supporting details.</td>
</tr>
<tr>
<td>Rationale</td>
<td>Soundness of argument and degree of understanding of the subject matter.</td>
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</table>

Scoring Scale:

<table>
<thead>
<tr>
<th>Score Point</th>
<th>Score Point Description</th>
</tr>
</thead>
</table>
| 4           | The "4" response reflects a thorough knowledge and understanding of the subject matter.  
- The purpose of the assignment is fully achieved.  
- There is a substantial, accurate, and appropriate application of subject matter knowledge.  
- The supporting evidence is sound; there are high-quality, relevant examples.  
- The response reflects an ably reasoned, comprehensive understanding of the topic. |
| 3           | The "3" response reflects an adequate knowledge and understanding of the subject matter.  
- The purpose of the assignment is largely achieved.  
- There is a generally accurate and appropriate application of subject matter knowledge.  
- The supporting evidence is adequate; there are some acceptable, relevant examples.  
- The response reflects an adequately reasoned understanding of the topic. |
| 2           | The "2" response reflects a limited knowledge and understanding of the subject matter.  
- The purpose of the assignment is partially achieved.  
- There is a limited, possibly inaccurate or inappropriate, application of subject matter knowledge.  
- The supporting evidence is limited; there are few relevant examples.  
- The response reflects a limited, poorly reasoned understanding of the topic. |
| 1           | The "1" response reflects a weak knowledge and understanding of the subject matter.  
- The purpose of the assignment is not achieved.  
- There is little or no appropriate or accurate application of subject matter knowledge.  
- The supporting evidence, if present, is weak; there are few or no relevant examples.  
- The response reflects little or no reasoning about or understanding of the topic. |
| U           | The response is unrelated to the assigned topic, illegible, primarily in a language other than English, not of sufficient length to score, or merely a repetition of the assignment. |
| B           | There is no response to the assignment. |
The owners of Wilson's Nursery and Garden Center have learned that a new discount chain store will be coming to their area and threatening their profits by providing similar products at lower prices. In order to stop this they should find out what the prices at the new store will be so they can see if they can match them. They could send employees to the store and have them write down the prices of different products that Wilson's also sells. From this they could tell if they still could make a profit or if they will have to raise their prices or change products.

Many local stores can still compete if they provide good customer service that the big stores can't match. Wilson's has always prided itself on good customer service, plus they provide delivery and even planting help. Wilson might even want to see if they could become a supplier to the new store. This would be an advantage to both as the big store would be buying local plants that would grow better and Wilson's could make a profit as a supplier.

Wilson's strengths are in its customer service and their ability to provide sound advice to their customers. If they continue to focus on these strengths, they will likely still be able to compete with the new store.

---

This is an example of a weak response because it is characterized by the following:

**Purpose:** The purpose of the assignment is not fully achieved. The response provides only one type of information, a price comparison, that Wilson's managers can use to assess their business and provides only a weak attempt to explain why this information would be useful. While the response discusses issues such as customer service and the possibility of supplying the new store, it does not provide a second type of information that would be useful to Wilson's managers.

**Subject Matter Knowledge:** The response demonstrates a limited understanding of the relevant subject matter knowledge. While price information might be important to the managers of Wilson's, it is typically very difficult for local businesses to be able to compete with discounters on price alone. It would also not be possible to check prices in a store that does not yet exist. Repeating information from the prompt does not demonstrate subject matter knowledge.

**Support:** The level of supporting detail in the response is weak. Explaining how Wilson's might obtain pricing information is helpful, but merely suggesting that they might raise their prices does not explain how they can become more competitive.

**Rationale:** The reasoning presented in the response is weak. The response is unfocused and rambles from one topic to another. The failure to present two options and explanations results in poor flow and a lack of logical connections. The summary is helpful, but does not address the central requirements of the prompt.
SECOND SAMPLE WEAK RESPONSE FOR OPEN-RESPONSE ITEM ASSIGNMENT #1

The managers of Wilson's are looking for ways that they can compete with a new big-box store that will be opening in their area. Traditionally, local businesses look to improve their customer service because that is an advantage that they may have over a big store. Wilson's already has good customer service and they should keep training their staff on this aspect of the business.

If they can't compete on price, then another way to keep profits up is to add volume. Wilson's needs a way to sell more products, either to existing customers or by finding new ones. They might try advertising on local radio and in local papers and run sales at various times of the year or on specific products to get more people to come into their business.

One way to increase foot traffic in the store might be to undercut the discounter's prices on a few items. For example, Wilson's might try lowering their prices on roses as a loss-leader hoping that customers who come in to buy roses will also buy other products while they are there. Wilson's could also shorten their product line by eliminating many of their less popular items and focusing on high volume products. This would raise their profits and increase the number of customers. They should also probably let go some staff to decrease their overhead costs by decreasing payroll.

ANALYSIS FOR SECOND WEAK RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #1

This is an example of a weak response because it is characterized by the following:

Purpose: The purpose of the assignment is not achieved. The prompt asks for two types of information that Wilson's managers can use to assess their business and an explanation of why this information would be useful. While the response discusses a number of strategies that Wilson's might employ, it does not discuss the types of information that would be useful to Wilson's managers or reasons why such information would be helpful.

Subject Matter Knowledge: The response demonstrates a reasonable understanding of the relevant subject matter knowledge. Many of the suggested strategies are sound, but are not responsive to the charge of the prompt. As strategies, shortening their product line or decreasing staff at this time are not likely to be helpful in terms of competing with the new store.

Support: The level of supporting detail in the response is weak. Rather than offering ideas called for in the prompt, the response offers strategies for competing with the new store. Some are supported acceptably, such as the suggestions to increase advertising and to run sales. Overall, because the response fails to address the charge, the supporting details become irrelevant.

Rationale: The reasoning presented in the response is weak. The failure to present two options and explanations results in a poorly reasoned response. The listing of strategies indicates an understanding of the general topic, but again, the failure to address the charge renders this irrelevant.
FIRST SAMPLE STRONG RESPONSE FOR OPEN-RESPONSE
ITEM ASSIGNMENT #1

In the face of new competition from a big-box retailer, Wilson’s is wise to examine its business and make necessary changes to maintain their viability. Organizations that are successful often reflect on their own performance and work to strengthen their core competencies. One of the best ways to evaluate how customers view a business is through customer surveys. Wilson’s should hire a consulting company that specializes in survey research to design a customer survey that will help pinpoint the organization’s strengths and weaknesses from the customer’s point of view. The survey should be designed to elicit information on customer’s perceptions of the quality of service, value received, and areas for improvement. Wilson’s could offer a coupon for a pack of seeds or something of similar value to encourage customers to participate. The results from the survey should be used by managers to emphasize or expand those products and services that customers value most, and work to improve or eliminate those areas that customers perceive as weaknesses. They should pay particular attention to areas of customer service, as that is one area where Wilson’s is likely to hold a competitive advantage over a discounter.

A second source of information that will help Wilson’s manager is the company’s financial records. By carefully analyzing the finances, the managers can determine those areas that are most and least profitable, those that have the greatest and least labor or capital requirements, and those that are growing or shrinking. Financial results can be even more powerful if used in conjunction with survey results. The business may discover unprofitable services, such as shrub planting, that are not considered important by customers or highly valued services, such as consulting, that are relatively inexpensive. Such knowledge can help managers eliminate unprofitable and unappreciated areas of the business and allow them to focus resources in those areas with the greatest returns, which will help them compete successfully.
ANALYSIS FOR FIRST STRONG RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #1

This is an example of a strong response because it is characterized by the following:

Purpose: The purpose of the assignment is fully achieved. Each bullet is addressed fully by providing two types of information, customer surveys and financial analysis, that Wilson's managers can use to assess their business. Also provided is an explanation of how each type of information can be used to help make decisions about the future of the business.

Subject Matter Knowledge: The response demonstrates a sound understanding of the relevant subject matter knowledge in terms of the design and uses of customer surveys and the types of financial analysis that can help a business understand its strengths and weaknesses. The suggestions for what to measure in the survey are appropriate, as are the suggestions for financial analysis. Appropriate use of business-related terminology demonstrates a depth of subject matter knowledge.

Support: The level of supporting detail in the response is strong, from describing the methodology of the survey and a way to improve the response rate to outlining the types of areas to investigate during a financial analysis. Suggesting examining a possibly unprofitable service, such as shrub planting and a highly valued service, such as consulting, helps support the main points. The introduction and summary help to focus the response's main points.

Rationale: The reasoning presented in the response is sound. All suggested activities are reasonable and appropriate and represent a high degree of understanding of the subject matter. The survey process is described logically from development to analysis of results, as is the process of analyzing the company's financial records.
SECOND SAMPLE STRONG RESPONSE FOR OPEN-RESPONSE
ITEM ASSIGNMENT #1

The scenario of small, local businesses being affected by large discount stores moving into their area is a common one. Many of these local businesses fail to adapt and thus don't survive. Some, however, learn how to meet the challenges and thrive.

There are several types of information that will help Wilson’s managers assess their business and make decisions to help maintain their sales and profitability. The first is research using their customer list and associated data, and the second is customer feedback.

From its customer database, Wilson’s managers can ascertain which customers do the most business with them, which customers provide the most profit, how many are repeat customers, which services are most popular, etc. This information can be used to leverage areas of strength for the business. Wilson’s could offer additional or special services for their best customers or provide discounts in areas that are most profitable. They could reach out to repeat customers to keep them loyal by offering private sales of special events and focus on a level of customer service that can't be matched by a discount chain.

The second area of information Wilson’s managers could use is customer feedback. Any successful business pays careful attention to its customers’ needs and wants. The managers should seek information from employees who deal directly with customers and should prepare a feedback form that customers can fill out. This could be in the form of a return postcard given out with all sales. Important questions to ask would include the level of satisfaction with services, prices, and products, as well as suggested areas for improvement. Managers could then use this information to take steps to improve areas of weakness and to accentuate areas of strength, again by offering sales, discounts, and special events. By taking positive steps to protect their market, Wilson's stands a good chance of prospering.
ANALYSIS FOR SECOND STRONG RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #1

This is an example of a strong response because it is characterized by the following:

Purpose: The purpose of the assignment is fully achieved. Each bullet is addressed fully by providing two types of information, research using their customer data, and customer feedback, that Wilson's managers can use to assess their business. Also provided is an explanation of how each type of information can be used to help make decisions about the future of the business.

Subject Matter Knowledge: The response demonstrates a sound understanding of the relevant subject matter knowledge in terms of the analysis of customer data and the importance of customer feedback in helping a business understand its strengths and weaknesses. The suggestions for analyzing customer data to discern trends are appropriate, as are the suggestions for gathering customer feedback. Appropriate use of business-related terminology demonstrates a depth of subject matter knowledge.

Support: The level of supporting detail in the response is strong, including describing the types of customer information that could be valuable in creating and maintaining customer loyalty and ways to collect customer feedback. Suggesting ways to use information, such as private sales and special events, helps support the main points. The introduction and summary help to focus the response's main points.

Rationale: The reasoning presented in the response is sound. All suggested activities are reasonable and appropriate and represent a high degree of understanding of the subject matter. The explanations of how to mine customer data are thoughtful and logical, as are the approaches to gathering and employing customer feedback.
SwissTech is a company that manufactures snowboards and equipment. The company currently needs financing to expand its operations, even though the economy is in recession. This might be a good opportunity for them to build up their inventories for when the economy turns around. The controller has recorded sales of some equipment before it is shipped and that improves the company's financial picture. Because he is unaware of the accounting procedures, the owner decides to borrow more money, which might not be wise if the company can't pay it back in a timely manner. The owner should be more aware of the company's sales. Credit can be the lifeblood of a growing company.

To get more financing, the company needs to provide an accurate picture of its revenue. Banks need accurate financial records before they will lend money.

To have the best chance of securing a loan, the company should have all of its financial documents in order and should also have projections for future revenues and profits. The bank will want a plan to be sure that its money is paid back. The company should also put together a business plan if does not already have one. If it does, it should be updated to reflect any recent changes or any new plans going forward.

**ANALYSIS FOR FIRST WEAK RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #2**

*This is an example of a weak response because it is characterized by the following:*

**Purpose:** The purpose of the assignment is not achieved. The prompt calls for an analysis of the decisions made by both the controller and owner of SwissTech as well as a discussion of two alternative methods of obtaining finance. While there is some critique of the two, it is incomplete, and there is no real attempt at providing two alternative financing strategies.

**Subject Matter Knowledge:** The response demonstrates a weak understanding of the relevant subject matter knowledge. There is no mention of the accountant's likely fraud, the owner's lack of oversight, or the decision to expand operations in a recession. There is no discussion of alternative financing options.

**Support:** The level of supporting detail in the response is weak. There is little discussion of the controller's and owner's actions or justification for statements such as, "Credit can be the lifeblood of a company." There is some supporting detail for the process of acquiring a bank loan, but this discussion is not directly responsive to the charge.

**Rationale:** The reasoning presented in the response is weak. The response never addresses the actual charge and rambles from topic to topic. The arguments presented are unsound and fail to demonstrate an understanding of the subject matter.
SECOND SAMPLE WEAK RESPONSE FOR OPEN-RESPONSE ITEM ASSIGNMENT #2

The most significant problem in this case study is the lack of communication between the controller and the owner. The controller is concerned about the company's weak sales and how that will affect their financial picture, but he hasn't disclosed his concerns to the owner. The owner seems pleased with the sales picture and plans to take out a large loan to expand operations. He is not aware that the sales figures may be wrong. The owner should also be in close contact with his sales and marketing people if he is planning an expansion or new advertising campaign. The controller should not be booking inventory as sales unless that is a company policy. The owner should make sure that there are policies in place to deal with such issues.

The owner should establish long-term goals for the company and be sure that the bank is aware of them when he asks for a loan. The bank will want to know about inventory levels and plans for how to reduce them before they are likely to grant a new loan, especially because of the accounting issue. The owner could also try to take on a new partner.

ANALYSIS FOR SECOND WEAK RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #2

This is an example of a weak response because it is characterized by the following:

Purpose: The purpose of the assignment is partially achieved. There is some critique of the decisions made by both the controller and owner of SwissTech, though it is not complete. There is a mention of one alternative financing strategy, taking on a partner, but no explanation of why this would be effective.

Subject Matter Knowledge: The response demonstrates some understanding of the relevant subject matter knowledge. There is no mention of the accountant's likely fraud or the owner's decision to expand operations in a recession. The decision to book inventory as sales is not a matter of company policies, but rather generally accepted accounting principles.

Support: The level of supporting detail in the response is weak. While there is some discussion of the controller's and owner's actions, most of the information is a repeat of the prompt. There is some supporting detail for the process of acquiring a bank loan but no discussion of why the owner might take on a partner.

Rationale: The reasoning presented in the response is weak. The response fails to address the prompt in a logical and coherent way. The arguments presented are sometimes faulty and fail to demonstrate an understanding of the subject matter.
The actions of SwissTech’s controller to book as revenue the sale of goods not yet shipped was at best unethical, and most likely illegal. According to GAAP (generally accepted accounting principles), sales should be booked only when an actual transfer of ownership occurs, in this case, via a signed delivery receipt. Since the controller knew that the shipment had not yet been sent, his actions were clearly intended to deceive potential lenders into thinking the company was in better financial shape. After the auditors discovered the discrepancy, any responsible financial institution would be very wary of extending the company credit. The controller is at risk of being prosecuted for fraud.

The actions of the company’s owner were nearly as worrisome. Being surprised by better-than-expected financial results should trigger questions as to why, not an enthusiasm for a spending spree. As a sole proprietor, the owner is responsible, and liable, for all actions of the organization. Even a cursory examination of sales records would likely have turned up the controller’s deceit. In any case, taking on more debt to expand during a recession is foolhardy for a small business. Looking for ways to cut expenses and become a leaner organization would be far more appropriate.

In terms of securing finances, the company should first have prepared accurate financial records for its bank. The upcoming sales could have been included in a sales forecast document, along with profit and loss and cash flow projections, to help the bank better understand SwissTech’s future prospects and make the bank more likely to extend credit for ongoing operations. A conservative rather than an aggressive business plan in a time of recession is likely to be viewed more favorably by a loan officer.

A second financing option would have been to go to the Small Business Administration (SBA) to take advantage of one of its many loan programs. While the SBA does not make loans itself, it does guarantee loans through financial partners. This would be an effective approach because SwissTech, if its books are in order, would be likely to receive a loan on attractive terms that would enable them to meet ongoing financial obligations.
ANALYSIS FOR FIRST STRONG RESPONSE TO OPEN-RESPONSE
ITEM ASSIGNMENT #2

This is an example of a strong response because it is characterized by the following:

**Purpose:** The purpose of the assignment is fully achieved. Bullet one is addressed by providing a critique of the actions of both the controller and the owner of SwissTech. Bullet two is addressed by providing two alternative financing approaches, accurate records preparation and SBA assistance, and explaining why each would be effective.

**Subject Matter Knowledge:** The response demonstrates a sound understanding of the relevant subject matter knowledge in terms of accounting, general business management, and financing by including appropriate information on GAAP, the role of a sole proprietor, and the SBA, among others. Appropriate use of business-related terminology demonstrates a depth of subject matter knowledge.

**Support:** The level of supporting detail in the response is strong, from describing the appropriate way to book sales revenue to explaining how SwissTech could best respond to a recession. An awareness of the seriousness of the controller's decision helps support the main points, as does the discussion of how financial records could have been produced and the SBA's role in lending to businesses.

**Rationale:** The reasoning presented in the response is sound. The critiques are reasonable and appropriate and represent a high degree of understanding of the subject matter. The organization is logical and follows that of the charges in the prompt.
SECOND SAMPLE STRONG RESPONSE FOR OPEN-RESPONSE
ITEM ASSIGNMENT #2

Critique of the controller’s actions:
The controller attempted to make the business’ financial performance look better than it actually was by booking sales of items before they were actually shipped. This is an example of revenue overstatement, which, when done purposefully to deceive (as it was here), is fraud. This type of accounting jeopardizes not only the controller’s career, but also the reputation of the business.

Critique of the owner’s actions:
The owner was naive and perhaps negligent in accepting at face value an unexplained exceptional financial performance. He should have asked for an internal audit before proceeding with a loan application. In any case, expanding operations during a recession is a bad idea. Consumers are going to spend less, not more, especially for luxury items such as snowboards.

Alternative financing option one:
As a sole proprietorship, the company’s financing can come from either the owner’s own capital, cash flow from ongoing operations, or outside financing. The owner should consider other sources of equity financing such as taking on one or more partners, who would bring capital to the business, or incorporating and selling stock. Either option would dilute the owner’s equity stake, but would bring capital into the business for ongoing operations and eventual expansion.

Alternative financing option two:
Rather than seeking a loan, the business could have applied for a line of credit. This allows the business to borrow only what it needs when it needs it and pay it back over an extended period of time. The business is only charged interest on the money it actually uses and can be an excellent way to improve cash flow.
ANALYSIS FOR SECOND STRONG RESPONSE TO OPEN-RESPONSE ITEM ASSIGNMENT #2

This is an example of a strong response because it is characterized by the following:

**Purpose:** The purpose of the assignment is fully achieved. Bullet one is addressed by providing a critique of the actions of both the controller and the owner of SwissTech. Bullet two is addressed by providing two alternative financing approaches, equity financing and taking a line of credit, and explaining why each would be effective.

**Subject Matter Knowledge:** The response demonstrates a sound understanding of the relevant subject matter knowledge in terms of accounting, general business management, and financing by including appropriate information on accounting practices, the role of a sole proprietor, and different types of financing. Appropriate use of business-related terminology demonstrates a depth of subject matter knowledge.

**Support:** The level of supporting detail in the response is appropriate. There is an explanation of accounting fraud and a discussion of consumer behavior during a recession as well as a cogent explanation of two financing options.

**Rationale:** The reasoning presented in the response is sound. The critiques are reasonable and appropriate and represent a high degree of understanding of the subject matter. The organization is logical and follows that of the charges in the prompt.
PRACTICE TEST SCORE CALCULATION

The practice test score calculation is provided so that you may better gauge your performance and degree of readiness to take an MTEL test at an operational administration. Although the results of this practice test may be used as one indicator of potential strengths and weaknesses in your knowledge of the content on the official test, it is not possible to predict precisely how you might score on an official MTEL test.

The Sample Responses and Analyses for the open-response items may help you determine whether your responses are more similar to the strong or weak samples. The Scoring Rubric can also assist in estimating a score for your open responses. You may also wish to ask a mentor or teacher to help evaluate your responses to the open-response questions prior to calculating your total estimated score.

How to Calculate Your Practice Test Score

Review the directions in the sample below and then use the blank practice test score calculation worksheet on the following page to calculate your estimated score.

**SAMPLE**

<table>
<thead>
<tr>
<th>Multiple-Choice Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enter the total number of multiple-choice questions you answered correctly: 83</td>
</tr>
<tr>
<td>Use Table 1 below to convert that number to the score and write your score in Box A: A:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Open-Response Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enter the number of points (1 to 4) for your first open-response question: 3</td>
</tr>
<tr>
<td>Enter the number of points (1 to 4) for your second open-response question: 3</td>
</tr>
<tr>
<td>Add those two numbers (Number of open-response question points): 6</td>
</tr>
<tr>
<td>Use Table 2 below to convert that number to the score and write your score in Box B: B:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Practice Test Score (Estimated MTEL Score)</th>
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</thead>
<tbody>
<tr>
<td>Add the numbers in Boxes A and B for an estimate of your MTEL score: A + B = 242</td>
</tr>
</tbody>
</table>
**Practice Test Score Calculation Worksheet: Business**

**Table 1:**

<table>
<thead>
<tr>
<th>Number of Multiple-Choice Questions Correct</th>
<th>Estimated MTEL Score</th>
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</thead>
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<tr>
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<td>80</td>
</tr>
<tr>
<td>26 to 30</td>
<td>80</td>
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<tr>
<td>31 to 35</td>
<td>80</td>
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<tr>
<td>36 to 40</td>
<td>80</td>
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<td>51 to 55</td>
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<td>56 to 60</td>
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</table>

<table>
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<tr>
<th>Number of Multiple-Choice Questions Correct</th>
<th>Estimated MTEL Score</th>
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</thead>
<tbody>
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<td>81 to 85</td>
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<td>96 to 100</td>
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**Table 2:**

<table>
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</tbody>
</table>

Print the form below to calculate your estimated practice test score.

**Multiple-Choice Section**

Enter the total number of multiple-choice questions you answered correctly:

Use Table 1 above to convert that number to the score and write your score in **Box A**: A:

**Open-Response Section**

Enter the number of points (1 to 4) for your first open-response question:

Enter the number of points (1 to 4) for your second open-response question:

Add those two numbers (Number of open-response question points):

Use Table 2 above to convert that number to the score and write your score in **Box B**: B:

**Total Practice Test Score (Estimated MTEL Score)**

Add the numbers in **Boxes A and B** for an estimate of your MTEL score: A + B =