



ARIZONA EDUCATOR PROFICIENCY ASSESSMENTS™



STUDY GUIDE

20 Business

**This AEPA test was replaced by a NES test.
Examinees may continue to find this study guide useful as they
prepare for the NES, as the previous AEPA test may have
covered objectives and content similar to the NES test.**

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PART 1: GENERAL INFORMATION ABOUT THE AEPA™ AND TEST PREPARATION

Part 1 of this study guide is contained in a separate PDF file. Click the link below to view or print this section:

[General Information About the AEPA and Test Preparation](#)



PART 2: FIELD-SPECIFIC INFORMATION

Field 20: Business

INTRODUCTION

This section includes a list of the test objectives, practice questions, and an answer key for the selected-response questions.

Test objectives. As noted earlier, the test objectives are broad, conceptual statements that reflect the knowledge, skills, and understanding an entry-level educator needs to practice effectively in Arizona schools. The list of test objectives for each test field is the *only* source of information about what a specific test will cover and therefore should be studied carefully.

Practice questions. The practice selected-response questions and practice performance assignments included in this section are designed to give you an introduction to the nature of the questions included in the AEPA tests. The practice questions represent the various types of questions you may expect to see on an actual test; however, they are *not* designed to provide diagnostic information to help you identify specific areas of individual strengths and weaknesses or to predict your performance on the test as a whole.

When you answer the practice questions, you may wish to use the sample answer sheet and sample Written Response Booklet provided in Part 1 to acquaint yourself with these materials. Use the answer key located after the practice questions to check your answers. Sample responses are provided immediately following each written performance assignment. The sample responses in this guide are for illustrative purposes only. Your written response should be your original work, written in your own words, and not copied or paraphrased from some other work.

To help you identify how the test objectives are measured, the objective statement to which the question corresponds is listed in the answer key. When you are finished with the practice questions, you may wish to go back and review the entire list of test objectives and descriptive statements for your test field.

TEST OBJECTIVES

Field 20: Business

SUBAREAS:

1. Business Management
2. Accounting
3. Business Technology and Information Systems
4. Economics and Consumer Finance
5. Entrepreneurship and Employment

BUSINESS MANAGEMENT

0001 Understand functions of business management.

For example: the role of management in business; principles and procedures related to planning, controlling, organizing, staffing, and directing; and applications of principles and procedures to meet specified organizational goals and to solve business-related problems (e.g., related to finance, marketing, sales, inventory, technology, personnel, workplace environment).

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

For example: principles and business applications of management, social, and behavioral theories and concepts in organizations (e.g., corporate culture, change theory, formal and informal organizations), groups (e.g., ergonomics, group dynamics, work groups, motivation and leadership styles), and individuals (e.g., strategies for conflict resolution, factors contributing to worker morale and motivation); and effects of various organizational structures on the behaviors and dynamics within an organization.

0003 Understand human resource management and development.

For example: the role of human resource management within an organization; methods, function, and importance of training and staff development (e.g., continuing education); effects of various personnel decisions and actions (e.g., restructuring, job descriptions, job analysis, personnel evaluations, interviews, hiring and firing decisions); and legal issues related to human resource management (e.g., EEOC [Equal Employment Opportunity Commission] regulations, contract issues, unions, labor negotiations).

0004 Understand the role and effect of international business on the business environment.

For example: the influence of geography on trade and business relations; the effect of international business on career paths and opportunities; social, political, legal, and economic factors that affect the international business environment; the effect of international business on organizational structures and the management of operations, human resources, and marketing; and concepts underlying the balance of trade.

0005 Understand issues related to ethics and social responsibility in business.

For example: business situations that involve ethical considerations (e.g., conflict of interest, worker privacy, use of technology, environmental impact); factors affecting ethical decisions in given business situations; the function of public relations in business; and factors affecting public relations decisions in given business situations (e.g., community goodwill, corporate philanthropy, cost-benefit analysis, political considerations, private-public partnerships).

0006 Understand principles of business law and the legal environment of business.

For example: types of business ownership; the acquisition, operation, and disposition of businesses; employment laws and regulations (e.g., working conditions, insurance requirements, wage regulations, employee contracts); consumer laws and regulations; legal issues related to technology systems (e.g., intellectual property, copyright and piracy, network licenses); the distinction between procedural and substantive law; characteristics of various types of law (e.g., contract, agency, property) and their effects on the business environment; and roles of the U.S. and international legal systems in business regulation (e.g., courts, regulatory agencies, Uniform Commercial Code, antitrust laws, tariffs).

0007 Understand business marketing principles.

For example: social and economic factors affecting marketing decisions (e.g., market demographics, local economy); the collection and interpretation of demographic data and its application to marketing situations and decisions (e.g., price, place, promotion, product, people, profit); and other factors that influence the success of a given marketing venture.

ACCOUNTING**0008 Understand basic principles and applications of accounting.**

For example: functions and purposes of accounting procedures in a business environment; the accounting equation; the accounting cycle; accounting principles; the accounting process; functions of accounting documents; accounting software; and quantitative and qualitative characteristics of accounting (e.g., reliability, relevance, accuracy).

0009 Understand procedures for processing accounting data.

For example: relationships among the components of the accounting cycle; the analysis of source documents; procedures for journalizing and posting transactions; procedures for adjusting and closing entries; and the preparation of reconciliations, financial statements, and trial balances.

0010 Understand advanced accounting concepts and procedures.

For example: the calculation of financial ratios (e.g., profit margin, return on equity, long-term debt ratio); concepts related to partnership and corporation accounting; and concepts and procedures related to inventory, payroll, depreciation, disposal of assets, intangible assets, etc.

0011 Understand principles, processes, and procedures related to financial statements.

For example: types and characteristics of financial statements; the use of financial statements in decision making; the interpretation of ratios; and the use of financial statements in preparing and analyzing budgets.

BUSINESS TECHNOLOGY AND INFORMATION SYSTEMS

0012 Understand business communications.

For example: business terminology; procedures for writing business documents; appropriate styles and media for given types of business communications and for delivering various types of written and oral messages (e.g., good news, bad news, directive, persuasive); strategies for active listening and nonverbal communication; strategies for preparing and delivering oral presentations and reports (e.g., adapting presentations to different audiences, designing appropriate multimedia support materials); and strategies for international business communications.

0013 Understand basic principles related to computer technology and office equipment.

For example: terminology related to computer technology; types, characteristics, and features of computer hardware and software; features of and relationships among computer input devices, output devices, processing units, network systems, and storage units; procedures for selecting, operating, and maintaining computer hardware and software; and types, features, and functions of office equipment (e.g., copiers, printers).

0014 Understand principles and procedures related to information processing and information processing systems.

For example: strategies and techniques for using business software applications (e.g., keyboarding, word processing, database management, simulations, spreadsheet, presentation software); characteristics and uses of multimedia systems and desktop publishing applications; factors involved in linking software applications; features, functions, and potential uses of networks, including the Internet.

0015 Understand basic principles and procedures related to telecommunications and applications of telecommunications in business.

For example: components and operating principles of telecommunications systems; terms related to telecommunications (e.g., satellites, wide area network, ground stations, Internet, download, uplink, cell, relay, modem); and the analysis of business situations and problems to determine appropriate telecommunications solutions (e.g., teleconferencing, on-line services, electronic mail, telecommuting).

0016 Understand principles and procedures related to ethics, security, and data integrity in technology systems.

For example: procedures related to information security (e.g., passwords, voice imprinting, virus checking, user rights); issues related to electronic privacy and the sharing and gathering of information; issues related to generating, maintaining, and selling data files; procedures for ensuring the accuracy and integrity of electronic data; and issues related to ownership of software and ideas (e.g., intellectual properties, copyrights, software piracy).

ECONOMICS AND CONSUMER FINANCE**0017 Understand basic principles and applications of macro- and microeconomics.**

For example: mechanisms by which the U.S. money supply is regulated; U.S. and international banking systems; principles of international trade and finance; basic principles of monetary and fiscal policy; methods of measuring economic growth and factors that influence economic growth; methods of measuring domestic output and unemployment, inflation, and deflation rates; basic characteristics of economic systems; characteristics and effects of monopolies and oligopolies; effects of market and consumer demand; economics of the firm (e.g., law of diminishing returns, production costs, competition, efficiency, profit maximization); principles of supply and demand; labor markets; and marginal revenue/cost analysis.

0018 Understand basic principles of personal investing.

For example: types and characteristics of investment options (e.g., real estate, stocks, bonds); the nature of risk in investing; the role and function of investment markets; purposes and goals in investing; and selecting investments for a given purpose.

0019 Understand basic principles of banking and personal finance.

For example: types and characteristics of banks; banking products and practices; maintaining a checking account; personal finance management (e.g., loans, credit management, budgeting, installment plans, estate planning); risk management (e.g., insurance policies, security procedures); and legal and practical issues related to consumers (e.g., consumer rights, advertising and sales techniques, comparison shopping).

0020 Understand techniques of quantitative analysis in business situations.

For example: computation of problems involving basic mathematical operations (i.e., addition, subtraction, multiplication, and division); computation of problems involving fractions, decimals, and percents; procedures and technologies for creating and interpreting charts and graphs; procedures for estimating and forecasting; basic principles of measurement and statistics; creation, manipulation, and interpretation of descriptive and inferential statistics; use of quantitative processes in quality control systems (e.g., determining limits of acceptability using tolerances, using sampling techniques and sampling data); and procedures for reporting and interpreting quantitative aspects of case studies.

ENTREPRENEURSHIP AND EMPLOYMENT**0021 Understand business responsibilities, employment, and business careers.**

For example: types and characteristics of business careers; procedures for researching business careers; characteristics associated with success in business careers; procedures for résumé writing and for writing letters of application; interviewing skills; procedures for developing a career plan; strategies for managing job changes; procedures for documenting employment credentials (e.g., portfolios, passports, skills certificates); employee rights and responsibilities; appropriate work habits; and other issues in the workplace.

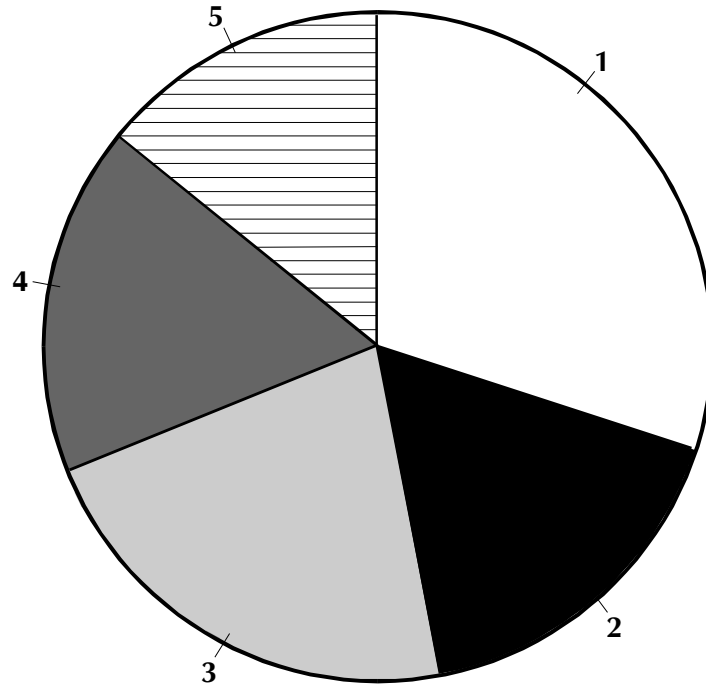
0022 Understand state and federal laws and regulations related to issues in the workplace.






For example: state and federal agencies and laws (e.g., Americans with Disabilities Act, discrimination policies) related to the workplace; environmental, health, and safety issues in the workplace; and employee benefits and policies.

0023 Understand principles and procedures related to entrepreneurship.

For example: advantages and disadvantages of business ownership; characteristics of entrepreneurs; the development and use of a business plan; factors, procedures, and issues in starting up a business (e.g., market analysis, risk taking, demographics, financing); and procedures for starting, buying, and operating franchises.

DISTRIBUTION OF SELECTED-RESPONSE ITEMS ON THE TEST FORM



Subarea	Approximate Percentage of Selected-Response Items on Test Form
 1. Business Management	30%
 2. Accounting	17%
 3. Business Technology and Information Systems	22%
 4. Economics and Consumer Finance	18%
 5. Entrepreneurship and Employment	13%

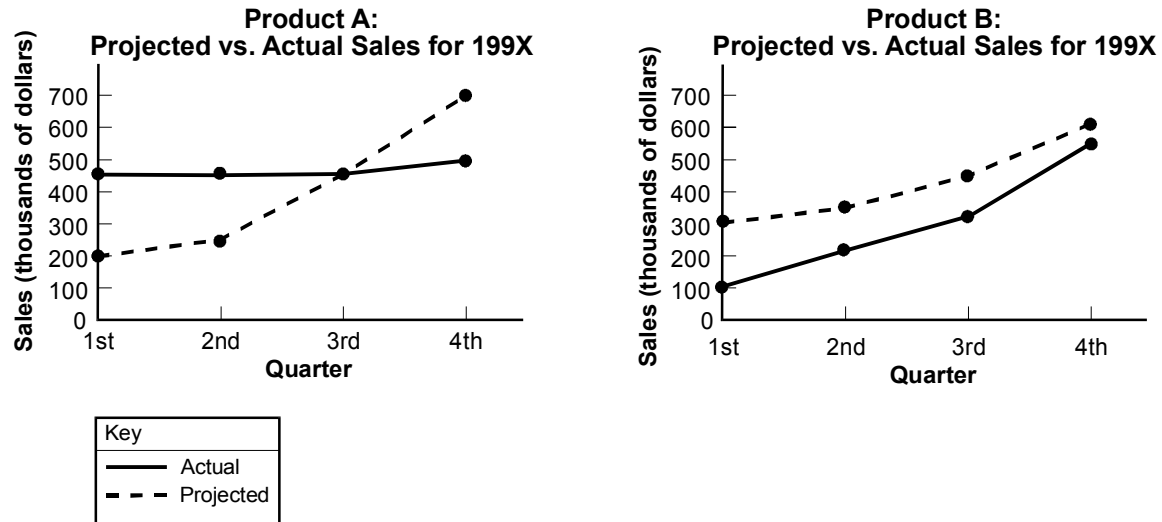
PRACTICE QUESTIONS

Field 20: Business

1. Which of the following is an example of the organizing function of business management?
 - A. deciding to expand the range of products and services the business provides
 - B. determining the financial resources needed to achieve short-term business goals
 - C. deciding how much decision-making authority should be given to each position in the business
 - D. forecasting the business's personnel needs and devising effective strategies for filling them
2. A growing manufacturing company has decided to fill as many management positions as possible by promoting company employees. The director of human resources has been asked to implement this change. Which of the following is most important for ensuring the success of the program?
 - A. developing comprehensive application forms
 - B. administering preprogram aptitude tests
 - C. implementing accurate and complete reference checks
 - D. providing an effective management training program
3. A firm is most likely to test market a product when:
 - A. consumer demand for the product has declined over the years.
 - B. it wishes to analyze consumer reaction to a proposed product before investing in its production.
 - C. the product has been overproduced and there is excess supply.
 - D. it wishes to determine whether there are similar products already on the market.
4. By correctly taking a trial balance at the end of an accounting period, an accountant can establish with certainty that:
 - A. every transaction that occurred during the accounting period has been recorded.
 - B. all transactions that occurred during the accounting period have been posted to the correct accounts in the ledger.
 - C. the total debits recorded during the accounting period equal the total credits recorded during the period.
 - D. all accounts have been debited or credited appropriately for each transaction that occurred during the accounting period.

5. Compared with the first in, first out (FIFO) method of inventory accounting, the last in, first out (LIFO) method of inventory accounting has which of the following characteristics?
- A. The cost of goods sold is closer to prices at the time of sale.
 - B. The cost of goods sold tends to magnify net income.
 - C. Balance sheet figures provide a more accurate assessment of inventory value.
 - D. The cost of goods sold is lower in times of rising prices.
6. A primary characteristic of a computer's dynamic RAM (random-access memory) is that it:
- A. stores information or instructions that do not change.
 - B. contains the command necessary to boot the computer.
 - C. uses an area called firmware to store its instructions.
 - D. temporarily stores programs and data while the computer is on.
7. Database management software would be most appropriate for performing which of the following tasks?
- A. projecting company sales based on various sets of assumptions
 - B. generating a budget for the coming year
 - C. transforming raw data into graphic form for use in a business report
 - D. generating a list of all customers who have ordered a given product
8. Most cellular phone systems transmit messages from one telephone to another through which of the following methods?
- A. The signal from a phone is bounced off an orbiting satellite and received by the second phone.
 - B. The signal from a phone is transmitted via radio waves to a ground-based relay station and then to the second phone.
 - C. The signal from the first phone is transmitted via radio waves directly to the second phone.
 - D. The signal from a phone is received at a regional switching station and relayed via optic fiber to the nearest transmitter.

9. A sales manager for a company is preparing a report comparing projected and actual sales figures for two of the company's main products over the past 12 months. The report will include the graphs below.



Which of the following statements most accurately summarizes the information in the graphs?

- A. Sales of both products started below projected levels and steadily increased throughout the year.
- B. Sales projections for Product A were more accurate than those for Product B.
- C. Sales of both products increased more rapidly than was projected toward the end of the year.
- D. Sales of Product B started lower but increased more rapidly than sales of Product A.

10. In general, which of the following results occurs when a country imposes a tariff on an imported product?
- A. Foreign producers of the product increase supply to stimulate demand.
 - B. Domestic producers of the product increase their prices.
 - C. Foreign producers of the product gain a comparative advantage.
 - D. Domestic producers of the product become more efficient.
11. Which of the following steps should be part of the prewriting process when preparing a résumé?
- A. making a list of accomplishments
 - B. contacting previous employers
 - C. determining the layout and typeface
 - D. preparing a salary history
12. The primary purpose of the Equal Employment Opportunity Commission in regulating human resource management within a business organization is to ensure that:
- A. underrepresented groups within the local population are proportionally represented among the organization's employees.
 - B. all job applicants have an equal chance of being selected, regardless of work history or other background factors.
 - C. recruitment efforts are not targeted toward any particular community or geographic area.
 - D. all decisions about hiring, discipline, and termination are based on objective, job-related criteria.

Below are the directions for the Business performance assignment.

DIRECTIONS FOR THE PERFORMANCE ASSIGNMENT

This section of the test consists of a performance assignment. **The assignment can be found on the next page.** You are asked to prepare a written response of approximately 2–3 pages on the assigned topic. You should use your time to plan, write, review, and edit your response for the assignment.

Read the assignment 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. **However, your score will be based solely on the version of your response written in Written Response Booklet B.**

As a whole, your response must demonstrate an understanding of the knowledge and skills of the field. In your response to the assignment, you are expected to demonstrate the depth of your understanding of the content area through your ability to apply your knowledge and skills rather than merely to recite factual information.

Your response will be evaluated based on the following criteria.

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

The performance assignment is intended to assess subject knowledge content and skills, not writing ability. However, your response must be communicated clearly enough to permit scorers to make a valid evaluation of your response according to the criteria listed above. Your response should be written for an audience of educators in this field. The final version of your response should conform to the conventions of edited American English. This should be your original work, written in your own words, and not copied or paraphrased from some other work.

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

Below is the scoring scale for the Business performance assignment.

SUBJECT TESTS—PERFORMANCE ASSIGNMENT SCORING SCALE

Score Point	Score Point Description
4	The "4" response reflects a thorough knowledge and understanding of the subject matter. <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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.

Practice Performance Assignment

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

Natureen is a small company (250 employees) that produces and sells natural juice drinks to upscale markets. They have developed a new flavor that has received mixed reviews from in-house taste tests. The marketing director wants to do some small-scale consumer testing to determine the potential marketability of the new product.

Write an essay in which you design and discuss a plan for taste testing the new juice drink. In your essay:

- outline your overall design for taste testing, and explain how the design would meet the company's needs;
- describe in general the types of resources (e.g., staff, equipment) that would be required to fulfill your plan; and
- describe how the information gathered could be used to determine whether or not to produce the new product.

Sample Performance Assignment Response: Score Point 4

Natureen already has an established product line directed at an upscale audience, and the extensive sales data they have on their current flavors can help them in introducing new products and product lines. Because the new flavor has met with only mixed results in in-house testing, it would probably not be prudent for Natureen to launch a large-scale regional marketing trial. But they should not simply write off this new flavor without doing some additional testing. They need to test the potential market for this new flavor using a larger group of consumers with more careful sensory analysis and targeting of demographics than was probably directed toward the in-house phase of this process. In specific, Natureen needs to gather more precise and more extensive primary data.

The place to start is with some carefully designed taste testing. The most common method of taste testing is the paired comparison method, in which the consumer is asked to sample two different products and select the one with the more appealing taste. In this case, however, it would probably make more sense to use a rank order scaling technique, in which the consumer tries the experimental flavor in comparison with perhaps three other juice flavors from the Natureen line. One of these choices should be a proven best-seller; the others should fall at other distinct points of success (e.g., one moderately successful, one minimally successful). Having consumers rank these four products in order of preference will give the company an idea of where the new flavor is likely to fall within the current spectrum of Natureen products. It will also be important to "map" the specific reasons for the new product's appeal-provided that the taste test is successful-in order to make sure that this new product will fill a niche presently not occupied by an existing Natureen product, which may generate sales at the expense of another Natureen product currently on the market.

Taste testing can be done either on a "walk up" basis (e.g., in a market or grocery store) or by utilizing a more private space such as a hotel meeting room or an isolated section of a shopping mall. The second option is preferable because it produces a more laboratory-like setting in which testing panels can make objective, considered, and undistracted choices. The minimum number of responses considered adequate for such a sampling of this sort is 1,000. The administration for a testing of this size would probably require 3-4 staff persons in order to be accomplished over a two-day period. The four flavor choices to be evaluated should be contained in plain unmarked cups and the order in which they are offered to consumers should be random. A key step is for the examiner to develop a questionnaire with specific language that can be used to debrief consumers both in terms of (1) sensory analysis and (2) detailed demographic information. For the sensory analysis the examiner will have to develop a consumer product language that can characterize the taste profile of the product in comparative terms of flavor and texture (e.g., sweet, acid, bitter, pulpy, viscous). This step is extremely important for the mapping of consumer tastes mentioned above. In addition, compiling demographic information on individual test results allows Natureen to analyze its new

(continued on next page)

Sample Performance Assignment Response: Score Point 4 (continued)

flavor across a full range of possible market segments. Some juice flavors may be much more attractive to children and younger consumers than to their parents or grandparents, and vice versa.

Once the sensory analysis and demographic data have been gathered from this intermediate-size sampling, Natureen should have a better idea of the market potential of their product. However, it should be emphasized that sensory analysis is only one step in determining the feasibility or acceptability of a new product or product line extension. Natureen will have to move through additional evaluations (e.g., concept and package testing, possible refinements in demographic targeting, brand positioning). When it comes to food and drink purchases, product imagery, consumer self-perception, and brand reputation are very important factors in the consumer's purchasing decision, and sensory analysis/taste testing may not be the ultimate indicator of performance in the marketplace. The example of the introduction of the "New Coke" illustrates this point. This product was heavily favored in blind paired-comparison taste tests, but its introduction was not successful because image and traditional brand loyalty play such a major role in the purchase of Coke. Natureen needs to proceed very cautiously in integrating taste testing with other available tools of market analysis before proceeding with their plans to produce this new flavor.

ANSWER KEY

Field 20: Business

Question Number	Correct Response	Objective
1.	C	Understand functions of business management.
2.	D	Understand human resource management and development.
3.	B	Understand business marketing principles.
4.	C	Understand basic principles and applications of accounting.
5.	A	Understand advanced accounting concepts and procedures.
6.	D	Understand basic principles related to computer technology and office equipment.
7.	D	Understand principles and procedures related to information processing and information processing systems.
8.	B	Understand basic principles and procedures related to telecommunications and applications of telecommunications in business.
9.	D	Understand techniques of quantitative analysis in business situations.
10.	B	Understand basic principles and applications of macro- and microeconomics.
11.	A	Understand business responsibilities, employment, and business careers.
12.	D	Understand state and federal laws and regulations related to issues in the workplace.