

# PLACE<sup>®</sup>

## STUDY GUIDE

**34 Business Education**



**Program for Licensing Assessments  
for Colorado Educators<sup>®</sup>**

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## **PART 1: GENERAL INFORMATION ABOUT THE PLACE® 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 PLACE and Test Preparation](#)

## PART 2: FIELD-SPECIFIC INFORMATION

### TEST FIELD 34: BUSINESS EDUCATION

#### INTRODUCTION

This section includes a list of the test objectives, immediately followed by a set of practice multiple-choice questions. For test areas that include a performance assessment (Basic Skills, all languages other than English, Special Education Specialist: Visually Impaired), one or more practice performance assignments (as applicable) will also be included.

**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 teach effectively in a Colorado classroom. The list of test objectives represents the **only** source of information about what a specific test will cover.

**PRACTICE MULTIPLE-CHOICE QUESTIONS.** The practice multiple-choice questions included in this section are designed to give you an introduction to the nature of the questions included on the PLACE test. The practice questions represent the various types of multiple-choice 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 multiple-choice questions, you may wish to use the answer key to check your answers. To help you identify how the test objectives are measured, the objective statement to which each multiple-choice 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 area.

## OBJECTIVES



### TEST FIELD 34: BUSINESS EDUCATION

Business Management and Communication  
Economics and Personal Finance  
Technology and Information Systems  
Accounting, Finance, and Business Law  
Business Education Programs

#### BUSINESS MANAGEMENT AND COMMUNICATION

**Understand the types, structures, and functions of business management.**

Includes types and characteristics of organizational structures; principles related to planning, organizing, directing, and controlling a business; various management philosophies; leadership principles; roles and responsibilities of various levels of management; and issues related to management (e.g., international management, problem solving, ethics).

**Understand the principles of human resource management.**

Includes the roles and responsibilities of human resource managers; issues in human resource management, employee hiring, training, development, compensation, and labor relations; understanding the role of diversity in the workplace; and applying human resource management principles to solve problems in the workplace.

**Understand principles, characteristics, and functions of entrepreneurship.**

Includes the role of small businesses and entrepreneurs in the national and global economy; the risks, responsibilities, and benefits of entrepreneurship; procedures for starting, buying, and operating franchises; and principles for creating a business plan and acquiring financing.

**Understand principles of marketing and merchandising.**

Includes the role of a marketing department; basic principles of marketing; development and distribution of products and services; market research methods; principles of sales, retailing, and customer service; and issues related to international marketing and merchandising.

**Apply principles of business communications.**

Includes basic principles of composition (e.g., style, grammar, word usage, punctuation, capitalization); types and characteristics of business communications; research skills; types and uses of graphic materials; report writing; and oral and written presentations.

## ECONOMICS AND PERSONAL FINANCE

### **Understand basic concepts and principles of macroeconomics.**

Includes the flow of income and spending; the nature of the business cycle; mechanisms for regulating the money supply; principles of monetary and fiscal policy; characteristics and functions of U.S. and international banking systems; characteristics of the global economy; methods of measuring and influencing economic growth, consumer behavior, and corporate behavior; and the effects of macroeconomic factors (e.g., unemployment rates, interest rates) on business.

### **Understand basic concepts and principles of microeconomics.**

Includes the concept of scarcity and the market process; the nature of opportunity costs and factors of production; types and characteristics of economic systems; characteristics and principles of capitalism; characteristics of monopolies; and the relationships among supply, demand, and prices.

### **Understand principles of consumerism and personal finance.**

Includes the principles of budgeting; types and characteristics of insurance; taxes and tax strategy; principles of consumerism; types and characteristics of investment options; types of banking and financial services; and issues and problems related to consumer credit.

## TECHNOLOGY AND INFORMATION SYSTEMS

### **Understand fundamental concepts of computer literacy.**

Includes basic terms and concepts related to computer technology; types and characteristics of computer software and computer input, storage, processing, and output devices; and procedures for selecting and operating computer equipment.

### **Understand the components and management of information technology systems.**

Includes types and characteristics of computer systems (e.g., servers, workstations); issues related to the security of computer systems; types and characteristics of networks (e.g., LANs, WANs); types and functions of peripheral devices (e.g., copiers, scanners, fax machines); and the role of information system managers.

### **Understand principles, components, and processes related to telecommunications technology.**

Includes types, characteristics, and operating principles of telecommunications equipment; methods of transmitting information (e.g., fiber-optic cable, cellular phones, satellites); advantages and disadvantages of various telecommunications technologies (e.g., teleconferencing, e-mail); and basic use of the Internet.

### **Understand applications of technology in business.**

Includes general applications of computer systems and software, telecommunications systems and equipment, the Internet and World Wide Web, and emerging technologies (e.g., voice recognition, bar codes, multimedia).

## ACCOUNTING, FINANCE, AND BUSINESS LAW

### **Understand principles and applications of consumer and environmental law.**

Includes laws related to consumer credit, safety, and purchasing; the role of government agencies in protecting consumers; and the types and characteristics of environmental laws and regulations affecting businesses.

**Understand fundamental concepts and applications of business, contract, and employment law.**

Includes laws related to the acquisition, ownership, and disposition of businesses; principles and applications of contract law; employment laws and regulations; and regulatory agencies.

**Analyze types, characteristics, and functions of negotiable instruments.**

Includes basic components and concepts related to negotiable instruments (e.g., conditions of negotiability, maker); types and characteristics of negotiable instruments (e.g., drafts, notes, certificates of deposit); and processes for creating, transferring, and executing negotiable instruments.

**Understand basic accounting concepts and functions.**

Includes the accounting equation and accounting cycle; types and uses of source documents, ledgers, journals, and worksheets; payroll and tax accounting; basic functions of auditing; and accrual and cash accounting.

**Apply standard accounting principles and procedures.**

Includes applying procedures for journalizing and posting transactions, adjusting and closing entries, and preparing trial balances, reconciliations, and financial statements; procedures for corporate and partnership accounting; and applications of accounting software.

**Understand fundamental concepts and applications of business finance.**

Includes types and characteristics of financial assets and liabilities; principles of risk management; characteristics and uses of debt and equity instruments; and basic principles and procedures of corporate finance (e.g., financial statements, asset management, capital budgeting).

**Apply concepts and principles of business mathematics.**

Includes basic mathematical concepts; interpreting charts and graphs; performing business-related computations; and using mathematics to solve business problems.

## BUSINESS EDUCATION PROGRAMS

**Understand program design and activities that integrate academics and career/technical content.**

Includes the philosophy and objectives of career/technical education programs; program design and evaluation; and integrated activities to assist students with key issues, concepts, and skills necessary for work in a specific industry or for employment in general.

**Identify occupational clusters and skills related to various careers.**

Includes occupational clusters common to different careers and knowledge of resources available for researching the various occupational clusters, labor market conditions, and employment outlook in various job sectors.

**Understand the types and nature of employment skills necessary to function in the workplace.**

Includes awareness of basic employment skills and attitudes; skills necessary for various careers; career paths; job seeking and interviewing skills; and matching aptitudes and interests with careers.

**Understand the characteristics and functions of career and technical student organizations, cooperative/internship programs, and business/industry partnerships.**

Includes types and functions of career and technical student organizations; leadership development; principles for coordinating cooperative/internship programs; establishing and maintaining active advisory committees; using community resources; and principles for developing business/industry partnerships.

## PRACTICE QUESTIONS: BUSINESS EDUCATION



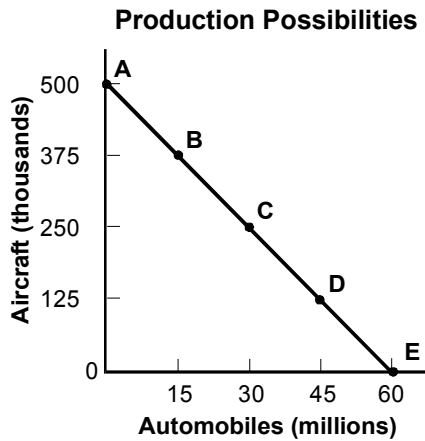
1. Use the paragraph below, from the introduction to a report, to answer the question that follows.

The procedures listed at the end of this report are for a new system of combining live telephone operators and automated telephone answering. This is because 57 percent of our customers dislike our present automated telephone system, and the effect is that they are considering taking their business elsewhere, according to our surveys. In this report, I look at a number of ways we can deal with this problem. After looking at all of these methods, the one above is recommended as the best.

Which of the following would most improve this paragraph?

- A. correction of spelling and punctuation errors
  - B. introduction of graphics
  - C. use of an outline format
  - D. correction of organization and syntax
- 
2. A group of entrepreneurs is creating a business plan in an effort to persuade lenders to finance a venture. Potential investors are likely to be most impressed by a plan that focuses on:
    - A. human resources techniques that will be used to motivate workers.
    - B. ways in which features of the business will give it a positive public image.
    - C. managerial methods that will be used to organize production.
    - D. ways in which unique features of the business will give it a competitive edge.

3. Use the graph below to answer the question that follows.



The graph best illustrates which of the following economic concepts?

- A. economies of scale
- B. opportunity cost
- C. law of diminishing returns
- D. elasticity of supply

4. Which of the following is an important characteristic of certificates of deposit (CDs)?

- A. Banks guarantee payment of all checks written on the accounts.
- B. They require that a specified amount of money be left on deposit for a fixed period of time.
- C. The interest rate fluctuates according to market rates during the life of the certificate.
- D. They allow depositors to write checks on an interest-bearing account.

5. Which of the following is typically a responsibility of an information system manager or administrator in a large business?

- A. controlling access to various parts of the system by given employees
- B. analyzing how the business can use technology to streamline procedures
- C. developing computer programs to be used by the company
- D. ensuring that workstations meet ergonomic standards

6. Which of the following statements best describes the significance of TCP/IP (Transmission Control Protocol/Internet Protocol)?
- A. It allows a user to block access from a computer to Web sites with selected types of content.
  - B. It enables different types of computers and networks to communicate with one another.
  - C. It controls the speed at which data are transferred between an individual computer and the Internet.
  - D. It provides a set of rules for appropriate etiquette for users of the Internet.

7. Use the passage below to answer the question that follows.

As part of an effort to eliminate acid rain, amendments made to the Clean Air Act in 1990 required U.S. power plants to reduce sulfur dioxide emissions. Power companies can use any techniques that they choose to make the required cuts. Companies doing more than their share create tradeable assets in the form of pollution permits, which can be sold to less efficient firms that are unable to meet regulatory standards. This arrangement provides firms with economic incentives to go beyond statutory requirements.

Information presented in the passage best supports which of the following conclusions?

- A. The business community recognizes that society expects it to help protect the environment.
- B. Environmental laws discriminate against certain types of businesses.
- C. The more sensitive businesses are to environmental concerns, the more profitable they tend to be.
- D. The marketplace can play an important role in environmental protection.

8. Which of the following best describes a major advantage of using equity rather than debt for corporate finance?
- A. Equity allows control of the firm to remain centralized, while debt causes control to become dispersed.
  - B. The costs of issuing stock are much lower than those of issuing bonds.
  - C. Equity is a source of permanent funds, while debt issues must be repaid.
  - D. Interest costs of equity financing are lower than those of debt financing.

9. Use the chart below to answer the question that follows.

<b>Pricing Decisions at Brown Manufacturing</b>			
<b>Price</b>	<b>Number Sold</b>	<b>Total Revenue</b>	<b>Total Cost</b>
\$80	1	\$80	\$88
\$76	2	\$152	\$115
\$60	3	\$180	\$130
\$54	4	\$216	\$170
\$40	5	\$200	\$182
\$32	6	\$192	\$204

According to information presented in the chart, at which of the following prices will Brown Manufacturing realize the highest profit?

- A. \$76
- B. \$60
- C. \$54
- D. \$40

10. The primary mission of the student organization Future Business Leaders of America (FBLA) is to:
  - A. match students with professional mentors in the business area in which they hope to specialize.
  - B. provide an individualized transitional employment program that includes placement following graduation.
  - C. promote student involvement in civic activities, volunteer opportunities, and mentoring programs for elementary students.
  - D. enhance students' educational experience through the advancement of leadership, citizenship, academic, and technological skills.

## ANSWER KEY: BUSINESS EDUCATION



<b>Question Number</b>	<b>Correct Response</b>	<b>Objective</b>
1.	<b>D</b>	Apply principles of business communications.
2.	<b>D</b>	Understand principles, characteristics, and functions of entrepreneurship.
3.	<b>B</b>	Understand basic concepts and principles of microeconomics.
4.	<b>B</b>	Understand principles of consumerism and personal finance.
5.	<b>A</b>	Understand the components and management of information technology systems.
6.	<b>B</b>	Understand principles, components, and processes related to telecommunications technology.
7.	<b>D</b>	Understand principles and applications of consumer and environmental law.
8.	<b>C</b>	Understand fundamental concepts and applications of business finance.
9.	<b>B</b>	Apply concepts and principles of business mathematics.
10.	<b>D</b>	Understand the characteristics and functions of career and technical student organizations, cooperative/internship programs, and business/industry partnerships.