



TE_xES | Texas Examinations of Educator Standards

Preparation Manual



176 Business Education 6-12

Copyright © 2006 by the Texas Education Agency (TEA). All rights reserved. The Texas Education Agency logo and TEA are registered trademarks of the Texas Education Agency. Texas Examinations of Educator Standards, TExES, and the TExES logo are trademarks of the Texas Education Agency.

This publication has been produced for the Texas Education Agency (TEA) by ETS. ETS is under contract to the Texas Education Agency to administer the Texas Examinations of Educator Standards (TExES) program and the Certification of Educators in Texas (ExCET) program. The TExES program and the Examination for the Certification of Educators in Texas (ExCET) program are administered under the authority of the Texas Education Agency; regulations and standards governing the program are subject to change at the discretion of the Texas Education Agency. The Texas Education Agency and

ETS do not discriminate on the basis of race, color, national origin, sex, religion, age, or disability in the administration of the testing program or the provision of related services.

PREFACE

The State Board for Educator Certification (SBEC) has approved new Texas educator standards that delineate what the beginning educator should know and be able to do. These standards, which are based on the state-required curriculum for students—the Texas Essential Knowledge and Skills (TEKS)—form the basis for the Texas Examinations of Educator Standards® (TExES®) program. This initiative, directed by the Texas Education Agency (TEA), will affect all areas of Texas education—from the more than 100 approved Texas educator preparation programs to the more than 7,000 Texas school campuses. This standards-based system reflects the TEA's commitment to help align Texas education from kindergarten through college. The TEA's role in this K–16 initiative will ensure that newly certified Texas educators have the essential knowledge and skills to teach the TEKS to the state's public school students.

This manual is designed to help examinees prepare for the new TExES test in this field. Its purpose is to familiarize examinees with the competencies to be tested, test item formats, and pertinent study resources. Educator preparation program staff may also find this information useful as they help examinees prepare for careers as Texas educators.

If you have any questions after reading this preparation manual or you would like additional information about the new TExES tests or the educator standards, please visit the SBEC Web site at www.sbec.state.tx.us.

KEY FEATURES OF THE MANUAL

List of competencies that will be tested

Strategies for answering multiple-choice items

Sample test items and answer key

TABLE OF CONTENTS

SECTION I	THE NEW TExES TESTS FOR TEXAS TEACHERS	1
	Development of the New TExES Tests Taking the TExES Test and Receiving Scores Educator Standards	
SECTION II	USING THE TEST FRAMEWORK	5
	Organization of the TExES Test Framework Studying for the TExES Test Test Framework (Including Proportions of Each Domain)	
SECTION III	APPROACHES TO ANSWERING MULTIPLE-CHOICE ITEMS	19
	Item Formats —Single Items —Items With Stimulus Material	
SECTION IV	SAMPLE ITEMS	27
	Sample Items Answer Key	
SECTION V	PREPARATION RESOURCES	37
	Sources Online Resources	

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

SECTION I

THE NEW TExES TESTS FOR TEXAS TEACHERS

As required by the Texas Education Code §21.048, successful performance on educator certification examinations is required for the issuance of a Texas educator certificate. Each TExES test is a criterion-referenced examination designed to measure the knowledge and skills delineated in the corresponding TExES test framework. Each test framework is based on standards that were developed by Texas educators and other education stakeholders.

Each TExES test is designed to measure the requisite knowledge and skills that an entry-level educator in this field in Texas public schools must possess. The tests include both individual, or stand-alone, test items (questions) and items that are arranged in clustered sets based on real-world situations faced by educators.

Development of the New TExES Tests

Committees of Texas educators and interested citizens guide the development of the new TExES tests by participating in each stage of the test development process. These working committees comprise Texas educators from public and charter schools, faculty from educator preparation programs, education service center staff, representatives from professional educator organizations, content experts, and members of the business community. The committees are balanced in terms of position, affiliation, years of experience, ethnicity, gender, and geographical location. The committee membership is rotated during the development process so that numerous Texas stakeholders may be actively involved. The steps in the process to develop the TExES tests are described below.

1. **Develop Standards.** Committees are established to recommend what the beginning educator should know and be able to do. Using the Texas Essential Knowledge and Skills (TEKS) as the focal point, draft standards are prepared to define the knowledge and skills required of the beginning educator.
2. **Review Standards.** Committees review and revise the draft standards. The revised draft standards are then placed on the State Board for Educator Certification (SBEC) Web site for public review and comment. These comments are used to prepare a final draft of the standards that will be presented to the SBEC Board for discussion, the State Board of Education (SBOE) for review and comment, and the SBEC Board for approval. Standards not based specifically on the TEKS, such as those for librarians and counselors, are proposed as rule by the SBEC Board; sent to the SBOE for its 90-day review; and, if not rejected by the SBOE, adopted by the SBEC Board.
3. **Develop Test Frameworks.** Committees review and revise draft test frameworks that are based on the standards. These frameworks outline the specific competencies to be measured on the new TExES tests. The TExES competencies represent the critical components of the standards that can be measured with either a paper-and-pencil-based or a computer-based examination, as appropriate. Draft frameworks are not finalized until after the standards are approved and the job analysis/content validation survey (see #4) is complete.

4. **Conduct Job Analysis/Content Validation Surveys.** A representative sample of Texas educators who practice in or prepare individuals for each of the fields for which an educator certificate has been proposed are surveyed to determine the relative job importance of each competency outlined in the test framework for that content area. Frameworks are revised as needed following an analysis of the survey responses.
5. **Develop and Review New Test Items.** The test contractor develops draft items that are designed to measure the competencies described in the test framework. Committees review the newly developed test items that have been written to reflect the competencies in the new test frameworks. Committee members scrutinize the draft items for appropriateness of content and difficulty; clarity; match to the competencies; and potential ethnic, gender, and regional bias.
6. **Conduct Pilot Test of New Test Items.** All of the newly developed test items that have been deemed acceptable by the item review committees are then administered to an appropriate sample of candidates for certification.
7. **Review Pilot Test Data.** Pilot test results are reviewed to ensure that the test items are valid, reliable, and free from bias.
8. **Administer New TExES Tests.** New TExES tests are constructed to reflect the competencies, and the tests are administered to candidates for certification.
9. **Set Passing Standard.** A Standard Setting Committee convenes to review performance data from the initial administration of each new TExES test and to recommend a final passing standard for that test. The SBEC Board considers this recommendation as it establishes a passing score on the test.

Taking the TExES Test and Receiving Scores

Please refer to the current TExES Registration Bulletin for information on test dates, sites, fees, registration procedures, and policies.

You will be mailed a score report approximately four weeks after each test you take. The report will indicate whether you have passed the test and will include:

- a total test *scaled* score. Scaled scores are reported to allow for the comparison of scores on the same content-area test taken on different test administration dates. The total scaled score is not the percentage of items answered correctly and is not determined by averaging the number of items answered correctly in each domain.
 - For all TExES tests, the score scale is 100–300 with a scaled score of 240 as the minimum passing score. This score represents the minimum level of competency required to be an entry-level educator in this field in Texas public schools.
- your performance in the major content domains of the test and in the specific content competencies of the test.
 - This information may be useful in identifying strengths and weaknesses in your content preparation and can be used for further study or for preparing to retake the test.
- information to help you understand the score scale and interpret your results.

You will not receive a score report if you are absent or choose to cancel your score.

Additionally, unofficial score report information will be posted on the Internet on the score report mailing date of each test administration. Information about receiving unofficial scores via the Internet and other score report topics may be found on the SBEC Web site at www.sbec.state.tx.us.

Educator Standards

Complete, approved educator standards are posted on the SBEC Web site at www.sbec.state.tx.us.

SECTION II

USING THE TEST FRAMEWORK

The Texas Examinations of Educator Standards (TExES) test measures the content knowledge required of an entry-level educator in this field in Texas public schools. This manual is designed to guide your preparation by helping you become familiar with the material to be covered on the test.

When preparing for this test, you should focus on the competencies and descriptive statements, which delineate the content that is eligible for testing. A portion of the content is represented in the sample items that are included in this manual. These test questions represent only a *sample* of items. Thus, your test preparation should focus on the complete content eligible for testing, as specified in the competencies and descriptive statements.

Organization of the TExES Test Framework

The test framework is based on the educator standards for this field.

The content covered by this test is organized into broad areas of content called domains. Each domain covers one or more of the educator standards for this field. Within each domain, the content is further defined by a set of competencies. Each competency is composed of two major parts:

1. the *competency statement*, which broadly defines what an entry-level educator in this field in Texas public schools should know and be able to do, and
2. the *descriptive statements*, which describe in greater detail the knowledge and skills eligible for testing.

The educator standards being assessed within each domain are listed for reference at the beginning of the test framework, which begins on page 8. These are then followed by a complete set of the framework's competencies and descriptive statements.

An example of a competency and its accompanying descriptive statements is provided on the next page.

Sample Competency and Descriptive Statements

Business Education 6–12

Competency:

The teacher understands and applies basic accounting and financial principles.

Descriptive Statements:

The beginning teacher:

- Understands accounting and financial terminology and principles (e.g., accounting equation, revenue, matching, historical cost, time value of money, interest rates, risk).
- Applies mathematical procedures to solve business problems (e.g., calculating pay using time cards, verifying invoices and statements, calculating discounts).
- Demonstrates an understanding of the accounting cycle (e.g., posting journal entries, preparing trial balances, preparing financial statements).
- Applies payroll and banking procedures (e.g., computing gross and net pay, preparing payroll registers, reconciling a bank statement).
- Applies various accounting procedures (e.g., depreciation, accounts payable, accounts receivable, banking, taxation).
- Applies basic managerial accounting principles to evaluate the performance of an organization.

Studying for the TExES Test

The following steps may be helpful in preparing for the TExES test.

1. Identify the information the test will cover by reading through the test competencies (see the following pages in this section). *Within each domain* of this TExES test, each competency will receive approximately equal coverage.
2. Read each competency with its descriptive statements in order to get a more specific idea of the knowledge you will be required to demonstrate on the test. You may wish to use this review of the competencies to set priorities for your study time.
3. Review the "Preparation Resources" section of this manual for possible resources to consult. Also, compile key materials from your preparation coursework that are aligned with the competencies.
4. Study this manual for approaches to taking the TExES test.
5. When using resources, concentrate on the key ideas and important concepts that are discussed in the competencies and descriptive statements.

NOTE: This preparation manual is the only TExES test study material endorsed by the Texas Education Agency (TEA) for this field. Other preparation materials may not accurately reflect the content of the test or the policies and procedures of the TExES program.

TEST FRAMEWORK FOR FIELD 176: BUSINESS EDUCATION 6–12

Domain I Accounting, Finance, and Economics
(approximately 17% of the test)

Standards Assessed:

Business Education Standard I:

The business education teacher understands and applies knowledge of accounting, personal finance, record keeping, economics, banking, and financial systems.

Domain II Business Management
(approximately 17% of the test)

Standards Assessed:

Business Education Standard I:

The business education teacher understands and applies knowledge of accounting, personal finance, record keeping, economics, banking, and financial systems.

Business Education Standard II:

The business education teacher understands and applies principles related to business management, operations, and ownership; business law and ethics; international business; and e-commerce.

Domain III Ethics, Law, Business Communication, and International Business
(approximately 22% of the test)

Standards Assessed:

Business Education Standard I:

The business education teacher understands and applies knowledge of accounting, personal finance, record keeping, economics, banking, and financial systems.

Business Education Standard II:

The business education teacher understands and applies principles related to business management, operations, and ownership; business law and ethics; international business; and e-commerce.

Business Education Standard V:

The business education teacher understands and applies knowledge of business communications and interpersonal, employment, and organizational skills in business environments.

**Domain IV Technology and Information Systems
(approximately 27% of the test)**

Standards Assessed:

Business Education Standard II:

The business education teacher understands and applies principles related to business management, operations, and ownership; business law and ethics; international business; and e-commerce.

Business Education Standard III:

The business education teacher understands and applies principles and methods related to the operation of a broad range of business computer information systems.

Business Education Standard V:

The business education teacher understands and applies knowledge of business communications and interpersonal, employment, and organizational skills in business environments.

**Domain V Leadership and Career Development
(approximately 17% of the test)**

Standards Assessed:

Business Education Standard IV:

The business education teacher understands and applies principles and methods related to work-based learning, career development, and the leadership opportunities available through related student organization activities.

Business Education Standard V:

The business education teacher understands and applies knowledge of business communications and interpersonal, employment, and organizational skills in business environments.

Business Education Standard VI:

The business education teacher knows how to work with others in the school and community and with industry representatives to support the business education program.

DOMAIN I—ACCOUNTING, FINANCE, AND ECONOMICS

Competency 001

The teacher understands and applies basic accounting and financial principles.

The beginning teacher:

- Understands accounting and financial terminology and principles (e.g., accounting equation, revenue, matching, historical cost, time value of money, interest rates, risk).
- Applies mathematical procedures to solve business problems (e.g., calculating pay using time cards, verifying invoices and statements, calculating discounts).
- Demonstrates an understanding of the accounting cycle (e.g., posting journal entries, preparing trial balances, preparing financial statements).
- Applies payroll and banking procedures (e.g., computing gross and net pay, preparing payroll registers, reconciling a bank statement).
- Applies various accounting procedures (e.g., depreciation, accounts payable, accounts receivable, banking, taxation).
- Applies basic managerial accounting principles to evaluate the performance of an organization.

Competency 002

The teacher understands basic economic principles and systems.

The beginning teacher:

- Understands basic economic theories and principles (e.g., role of wants versus needs, economic roles, types of economic resources).
- Understands global economic systems.
- Understands the role of money in the U.S. economy (e.g., the composition of the money supply, the relationship between interest rates and the quantity of money required and available in money markets, the operation and role of the Federal Reserve Bank, global markets).

Competency 003

The teacher understands principles of personal financial management and consumer economics.

The beginning teacher:

- Applies principles of and procedures for personal financial management (e.g., planning a budget, saving money, reconciling bank statements, planning investments).
- Understands consumer financial issues (e.g., making major buying decisions, comparative shopping, purchasing insurance, acquiring personal property, personal bankruptcy laws).
- Understands types of consumer credit (e.g., regular, revolving) and issues related to consumer credit (e.g., costs of various forms of credit, procedures and qualifications for obtaining credit).
- Understands procedures for utilizing the services of banking and financial institutions for loans, savings, and investing.
- Understands consumer rights, responsibilities, and liabilities.

DOMAIN II—BUSINESS MANAGEMENT**Competency 004**

The teacher understands types of business ownership and entrepreneurial skills and procedures.

The beginning teacher:

- Understands types of business ownership and their characteristics (e.g., sole proprietorships, partnerships, corporations, franchises).
- Understands procedures for creating and carrying out business plans.
- Recognizes entrepreneurial opportunities and the benefits and liabilities of starting a business.
- Recognizes basic marketing concepts, functions, and methods.
- Understands procedures for determining financial start-up projections and methods for generating various types of capital.
- Understands the changing nature of business (e.g., technological changes, cultural diversity, global resources, and competition).
- Applies knowledge of accounting to evaluate alternative business options and make good business decisions.
- Compares business financing opportunities and investments and understands the services provided by banks and financial institutions.

Competency 005**The teacher understands the principles of management in a business environment.**

The beginning teacher:

- Understands the role of management in all aspects of an organization.
- Applies the various functions of management (e.g., planning, organizing, leading, controlling).
- Understands various management and motivational theories.
- Applies social and behavioral theories and principles to the analysis of group structures and behaviors.
- Understands and compares leadership styles and their effectiveness in addressing various business needs and goals.
- Evaluates management practices that promote flexibility and adaptability in a global business environment.

Competency 006**The teacher understands human relations and resource management.**

The beginning teacher:

- Understands the role of human relations and resource management within an organization and applies basic principles and procedures of human resource planning.
- Understands the economic and social benefits of a well-designed workplace.
- Understands the role of organized labor and its influence on business.
- Understands the balance between employee privacy rights and employer obligations to provide a safe working environment.
- Recognizes and applies methods of employee recruitment and selection, staff evaluation, and employee training and development in accordance with state and federal regulations (e.g., Equal Employment Opportunity Act, Americans with Disabilities Act).
- Understands factors affecting productivity (e.g., interaction of people and technology, employee attitudes and motivation).

DOMAIN III—ETHICS, LAW, BUSINESS COMMUNICATION, AND INTERNATIONAL BUSINESS

Competency 007

The teacher understands issues related to ethics and social responsibility in business.

The beginning teacher:

- Understands the nature and role of ethics in business (e.g., distinguishing between ethical and legal choices, distinguishing between ethical and unethical business practices, recognizing ethical decisions in business situations).
- Understands the social responsibilities of businesses in relation to the environment, health, safety, and diversity in the workplace.
- Recognizes the connection between good public relations and a community's perception of ethical standards in business and analyzes factors affecting decisions in these areas.
- Analyzes business situations that involve ethical considerations.

Competency 008

The teacher understands principles of business law.

The beginning teacher:

- Knows legal requirements for forming, operating, and dissolving different types of businesses.
- Understands laws regarding retail and commercial sales.
- Knows the nature and significance of legal contracts.
- Understands employee and consumer rights and protections afforded by law (e.g., consumer protection laws, Americans with Disabilities Act, organized labor laws, workplace safety legislation).
- Understands various types of legal issues that arise in business situations (e.g., the legal responsibility of individuals for the acts of a business organization, issues related to trademark and copyright laws).
- Understands the role of government in business.

Competency 009**The teacher understands basic concepts of international business.**

The beginning teacher:

- Understands multicultural business opportunities and competitive factors that affect the international business environment (e.g., social, cultural, political, legal, geographic, economic).
- Understands the relationship between international trade and the global economy.
- Recognizes major trends and developments in international business.
- Understands the relationship between foreign trade and taxation policy and tariffs.

Competency 010**The teacher understands basic elements of communication and applies skills for effective communication in business contexts.**

The beginning teacher:

- Understands basic elements of effective communication in business (e.g., communication process, barriers, communication channels, issues that arise in cross-cultural business transactions).
- Demonstrates knowledge of appropriate oral, written, nonverbal, and visual communication.
- Demonstrates knowledge of techniques for inputting data and producing documents.
- Applies procedures for producing business documents using current and emerging technologies.

DOMAIN IV—TECHNOLOGY AND INFORMATION SYSTEMS

Competency 011

The teacher understands fundamentals and uses of computer networks (e.g., LANs, WANs, the Internet, peer-to-peer, client/server).

The beginning teacher:

- Applies procedures for navigating computer networks to search, find, and exchange information.
- Understands the use of desktop publishing software to create and publish business-related documents (e.g., instructional manuals, business brochures).
- Understands the use of operating systems for performing a variety of tasks (e.g., organize and maintain files, export data).
- Understands options and procedures for exchanging information via telecommunications software (e.g., appropriate telecommunications methods for given situations, correct etiquette when using telecommunications).
- Applies procedures for producing business documents using current and emerging technology (e.g., produce documents using word processing software, use correct proofreading symbols and procedures, produce a report containing text and graphics).

Competency 012

The teacher evaluates and implements Internet software to meet ongoing business needs.

The beginning teacher:

- Understands health and safety issues related to the use of computer technology.
- Understands the use of Web design software to develop Web sites.
- Applies procedures for importing graphics, sound, video, and text into documents to produce multimedia and presentation products.
- Applies skills for researching and developing effective business presentations, including multimedia presentations.

Competency 013**The teacher understands terminology and principles related to computer and information technology.**

The beginning teacher:

- Understands computer terminology and concepts.
- Applies procedures for selecting, evaluating, installing, and upgrading computer hardware and software.
- Understands computer operating systems as they apply to business activities.
- Understands the role of information technology in specific business contexts (e.g., product design, procurement, manufacturing, sales and marketing, inventory, product delivery, customer service, finance).
- Understands and applies skills for managing computer laboratories (e.g., developing a technology plan, troubleshooting and repairing software and hardware, customizing software, evaluating software and hardware for business education, keeping inventory of computer components and peripherals).

Competency 014**The teacher understands principles and procedures related to information management systems and information technology applications.**

The beginning teacher:

- Understands the nature and role of e-commerce.
- Knows skills and procedures for creating and operating an online business.
- Applies skills for managing information (e.g., maintaining systems for document and information storage and retrieval, developing and maintaining systems for electronic and manual filing).
- Addresses business problems by utilizing and applying information technology (e.g., word processing, spreadsheets, databases, multimedia, Web design, computer programming, graphic design).
- Understands the impact of information and communication technology on business and society.
- Applies database technology to manipulate (e.g., store, query, retrieve) data and design databases to solve business problems.

Competency 015

The teacher understands principles and procedures related to confidentiality, security, and data integrity associated with computer technology.

The beginning teacher:

- Identifies ethical and legal issues relevant to confidentiality in the use of computer information systems in business.
- Understands issues and procedures for maintaining data security.
- Understands procedures for ensuring the accuracy and integrity of electronic data.
- Applies procedures for maintaining the security of computerized information (e.g., firewalls, virus protection software).

DOMAIN V—LEADERSHIP AND CAREER DEVELOPMENT**Competency 016**

The teacher understands work-based learning, career development, and leadership opportunities.

The beginning teacher:

- Connects classroom learning to work-based learning and incorporates relevant experiences into the business curriculum.
- Understands the laws and regulations relating to student employment, including safety regulations and procedures.
- Understands work-based learning models (e.g., mentoring, job shadowing, career preparation, internships/externships).
- Knows how to evaluate student progress based on work-based standards and how to analyze data to determine program effectiveness.
- Understands career opportunities in business as well as education and training requirements associated with business careers.
- Applies strategies to assist students in the transition from program completion to employment and/or higher education.
- Applies knowledge of ways in which personal attributes (e.g., reliability, diligence, punctuality, motivation, attitude) affect career advancement and success in the workplace.

Competency 017**The teacher understands interpersonal, employment, and organizational skills in business environments.**

The beginning teacher:

- Understands the social and human relations skills and attitudes needed to work effectively in a culturally diverse business environment.
- Understands positive work habits and skills for achieving success in the workplace (e.g., dependability, professional appearance, accuracy, honesty, initiative, time management, decision making, problem solving, prioritizing tasks).
- Identifies procedures for carrying out administrative support responsibilities (e.g., scheduling, meeting planning and organization).
- Understands procedures and systems for managing information (e.g., document storage and retrieval, supply inventories and purchasing schedules, inventory record keeping, maintenance and repair schedules).

Competency 018**The teacher understands the leadership and community service opportunities available through student organization activities and the importance of promoting the business education program.**

The beginning teacher:

- Understands the purpose, characteristics, and functions of student leadership organizations.
- Understands the roles and responsibilities of chapter advisors to student organizations.
- Understands the importance of interacting with others in the school and community to promote the business education program (e.g., advisory committees, businesses, community agencies, postsecondary institutions, civic and service organizations, education and training organizations).
- Knows how to use a variety of sources and methods for developing and delivering appropriate business instruction (e.g., collaboration with other school faculty and external partners, identification of the impact of external influences, identification of the requirements for special populations, evaluation of performance standards).

SECTION III

APPROACHES TO ANSWERING MULTIPLE-CHOICE ITEMS

The purpose of this section is to describe multiple-choice item formats that you will see on the TExES test in this field and to suggest possible ways to approach thinking about and answering the multiple-choice items. However, these approaches are not intended to replace familiar test-taking strategies with which you are already comfortable and that work for you.

The Business Education 6–12 test is designed to include 80 scorable multiple-choice items and approximately 10 nonscorable items. Your final scaled score will be based only on scorable items. The nonscorable multiple-choice items are pilot tested by including them in the test in order to collect information about how these items will perform under actual testing conditions. Nonscorable test items are not considered in calculating your score, and they are not identified on the test.

All multiple-choice items on this test are designed to assess your knowledge of the content described in the test framework. The multiple-choice items assess your ability to recall factual information **and** to think critically about the information, analyze it, consider it carefully, compare it with other knowledge you have, or make a judgment about it.

When you are ready to respond to a multiple-choice item, you must choose one of four *answer choices* labeled A, B, C, and D. Then you must mark your choice on a separate answer sheet.

Item Formats

You may see the following two types of multiple-choice items on the test.

- Single items
- Items with stimulus material

You may have one or more items related to a single stimulus. When you have at least two items related to a single stimulus, the group of items is called a cluster. After the last item of a cluster, you will see the graphic illustrated below.



This graphic is used to separate these clustered items related to specific stimulus material from other items that follow.

On the following pages, you will find descriptions of these commonly used item formats, along with suggested approaches for responding to each type of item. In the actual testing situation, you may mark the test items and/or write in the margins of your test booklet, **but your final responses must be indicated on the answer sheet provided.**

SINGLE ITEMS

In the single item format, a problem is presented as a direct question or an incomplete statement, and four answer choices appear below the problem. The following question is an example of this type. It tests knowledge of Business Education 6–12 Competency 003: *The teacher understands principles of personal financial management and consumer economics.*

Which of the following types of investments is likely to be most appropriate for an individual who has a very low tolerance for risk?

- A. U.S. treasury bonds
 - B. corporate bonds
 - C. mutual stock funds
 - D. growth company stocks
-

Suggested Approach

Read the question carefully and critically. Think about what it is asking and the situation it is describing. Eliminate any obviously wrong answers, select the correct answer choice, and mark it on your answer sheet.

The question asks you to select the most appropriate type of investment for an individual who has a very low tolerance for risk. Look at the answer choices and consider which of them describes the least risky type of investment for this individual.

Option A suggests an investment in U.S. treasury bonds. Since U.S. treasury bonds are issued by the federal government, they are almost completely free of risk. The potential interest to be earned on treasury bonds is higher than the potential interest to be earned on a savings account from a bank, yet not as high as the potential interest to be earned on stocks or mutual funds. The main attraction to U.S. treasury bonds is that they are considered to be very low risk. Therefore, option A is likely to be the most appropriate investment type.

Option B suggests an investment in corporate bonds. An investment in corporate bonds brings an increase in risk. Since corporate bonds are issued by corporations, there is a possibility that the company in which a person invests will be less profitable than hoped. In fact, if the company declares bankruptcy, the investment may become worthless. Although corporate bonds are less risky than stocks or mutual funds, they generally carry higher risk than U.S. treasury bonds. Therefore, option B may be eliminated.

Option C suggests an investment in mutual stock funds. The potential interest to be earned from investing in mutual funds is much higher than the potential interest on U.S. treasury and corporate bonds. However, the risk associated with mutual funds is also much greater. The value of mutual funds is subject to the overall state of financial market conditions, including the country's social and political conditions. If the value of the companies represented by the fund is diminished, then the risk for financial loss can be very large. Therefore, option C may be eliminated.

Option D suggests an investment in growth company stocks. Most growth company stocks carry high risks dependent on inflation, interest rates, business failures, and domestic and international market fluctuations. Although the potential interest to be earned on stocks may be higher than it is on bonds, the risk in investing in growth company stocks is much greater. High-risk investments such as stocks offer the possibility of great rewards or equally great losses. Therefore, option D may be eliminated.

Of the four options offered, investing in U.S. treasury bonds is likely to be most appropriate for an individual who has a very low tolerance for risk. **Therefore, the correct response is option A.**

Suggested Approach

The following question tests knowledge of Business Education 6–12 Competency 010: *The teacher understands basic elements of communication and applies skills for effective communication in business contexts.*

Which of the following is most likely to help ensure that important topics are covered in a timely fashion during a business meeting?

- A. Ask each participant to limit individual comments to less than five minutes.
 - B. Use parliamentary procedures to conduct, organize, and structure the meeting.
 - C. Invite people to the meeting that have demonstrated expertise in the topics being covered.
 - D. Provide each participant with an agenda that is used for conducting the meeting.
-

The question asks you to select the action that will help ensure that important topics are covered in a timely fashion during a business meeting. Look at the answer choices and consider which of them describes the most likely way to accomplish this goal.

Option A suggests asking each participant to limit his or her individual comments to less than five minutes. Although this option may seem viable, if there are a variety of meeting topics and several meeting attendees, letting each attendee spend five minutes on each topic could take a very long time. Additionally, some meeting topics may require more lengthy discussions, in which two or three participants discuss a topic at once, while some topics may require no discussion at all. Therefore, option A may be eliminated.

Option B suggests using parliamentary procedures to conduct, organize, and structure the meeting. Parliamentary procedure is a democratic method of conducting meetings. Using parliamentary procedures would ensure that all meeting participants have equal opportunity to give their input, but depending on the meeting style, parliamentary procedures may be too formal and may actually hinder progress. Although parliamentary procedures may be helpful in some meeting situations, they do not ensure that the most important meeting topics will be covered in a timely fashion. Therefore, option B may be eliminated.

Option C suggests inviting people to the meeting that have demonstrated expertise in the topics being covered. Inviting experts to the meeting does not ensure that important topics will be covered in a timely manner. In fact, the meeting may take longer because the experts may feel the need to provide detailed descriptions and analyses. Although having experts present may be helpful for answering specific questions about important topics, it will not help ensure that the most important topics are covered as quickly as possible. Therefore, option C may be eliminated.

Option D suggests providing each participant with an agenda that will be used for conducting the meeting. Preparing a meeting agenda is important so that meeting participants will know the direction of the meeting in advance. The agenda should include topics, a schedule, the names of the participants, and resources and should be prepared early enough to give participants adequate time to prepare their thoughts on each topic. An agenda will help keep meeting participants on task. Therefore, option D is the most effective way of ensuring that important topics are covered as quickly as possible.

Of the four options offered, providing each meeting participant with an agenda will most likely help ensure that important topics are covered in a timely fashion during a business meeting. **Therefore, the correct response is option D.**

ITEM(S) WITH STIMULUS MATERIAL

Some items are preceded by stimulus material that relates to the item or items. Some types of stimulus material included on the test are reading passages, graphics, tables, or a combination of these types. In such cases, you will generally be given information followed by an event to analyze, a problem to solve, or a decision to make.

One or more items may be related to a single stimulus. You can use several different approaches to answer these types of items. Some commonly used approaches are listed below.

Strategy 1 Skim the stimulus material to understand its purpose, its arrangement, and/or its content. Then read the item and refer again to the stimulus material to verify the correct answer.

Strategy 2 Read the item *before* considering the stimulus material. The content of the item will help you identify the purpose of the stimulus material and locate the information you need to respond to the item.

Strategy 3 Use a combination of both strategies; apply the "read the stimulus first" strategy with shorter, more familiar stimuli and the "read the item first" strategy with longer, more complex, or less familiar stimuli. You can experiment with the sample items in this manual and then use the strategy with which you are most comfortable when you take the actual test.

Whether you read the stimulus before or after you read the item, you should read it carefully and critically. You may want to underline its important points to help you respond to the item.

As you consider items set in educational contexts, try to use that teacher's point of view to respond to the items that accompany the stimulus. Be sure to consider the items in terms of only the information provided in the stimulus—not in terms of specific situations or individuals you may have encountered.

Now you are prepared to address the question associated with this stimulus. The following question tests knowledge of Business Education 6–12 Competency 001: *The teacher understands and applies basic accounting and financial principles.*

Upon receipt of this invoice, the accountant for Jones Delivery Company should make which of the following entries in the general journal?

- A. a debit of \$8500 to the equipment account and a credit of \$8500 to accounts payable
 - B. a debit of \$8500 to accounts payable and credit of \$8500 to the equipment account
 - C. a debit of \$34000 to the equipment account and a credit of \$34000 to accounts payable
 - D. a debit of \$34000 to accounts payable and a credit of \$34000 to the equipment account
-

In this item, a business invoice is given as the stimulus. Consider carefully the information presented in the invoice. The invoice shows Jaymar Vehicle Services selling two used vans to Jones Delivery Company on account. The terms of the purchase indicate that Jaymar Vehicle Services expects to receive four installments of \$8500 each on January 1, March 1, June 1, and September 1. The question above asks you to consider what the proper general journal entry should be in Jones Delivery Company's accounts upon receipt of the invoice. Look at the answer choices and consider which of them is the proper entry for Jones Delivery Company's accountant to make.

Option A suggests a debit of \$8500 to the equipment account and a credit of \$8500 to accounts payable. When an invoice is received for items purchased on account, the total amount of the purchase is recorded in the general journal. Since option A is suggesting that only the installment amount of \$8500 be posted to the general journal, rather than the total invoice amount of \$34000, this is incorrect. Therefore, option A may be eliminated.

Option B suggests a debit of \$8500 to accounts payable and a credit of \$8500 to the equipment account. When assets are purchased on account, a debit is made to record the increase to that account. Similarly, when items are purchased on account, accounts payable is increased, or credited, by the total amount of the invoice. Option B suggests that accounts payable be debited and the equipment account be credited. A debit to accounts payable would decrease the account balance. A credit to the equipment account would decrease its balance. These entries would be incorrect. Additionally, since option B is suggesting that only the installment amount of \$8500 be posted to the general journal, rather than the total invoice amount of \$34000, it is incorrect. Therefore, option B may be eliminated.

Option C suggests a debit of \$34000 to the equipment account and a credit of \$34000 to accounts payable. When an invoice is received for items purchased on account, the total amount of the purchase is recorded in the general journal. Since option C is suggesting that the full invoice amount of \$34000 be recorded immediately, this is a proper journal entry. Therefore, option C is an accurate general journal entry.

Option D suggests a debit of \$34000 to accounts payable and a credit of \$34000 to the equipment account. When assets are purchased on account, a debit is made to record the increase to that account. Similarly, when items are purchased on account, accounts payable is increased, or credited, by the total amount of the invoice. Option D suggests that accounts payable be debited and the equipment account be credited. A debit to accounts payable would decrease the account balance. A credit to the equipment account would decrease its balance. These entries would be incorrect. Therefore, option D may be eliminated.

Of the four options offered, a debit of \$34000 to the equipment account and a credit of \$34000 to accounts payable is the proper entry that should be made in Jones Delivery Company's general journal. **Therefore, the correct response is option C.**

SECTION IV

SAMPLE ITEMS

This section presents some sample test items for you to review as part of your preparation for the test. To demonstrate how each competency may be assessed, each sample item is accompanied by the competency number that it measures. While studying, you may wish to read the competency before and after you consider each sample item. Please note that the competency numbers will not appear on the actual test form.

An answer key follows the sample items. The answer key lists the item number and correct answer for each sample test item. Please note that the answer key also lists the competency assessed by each item and that the sample items are not necessarily presented in competency order.

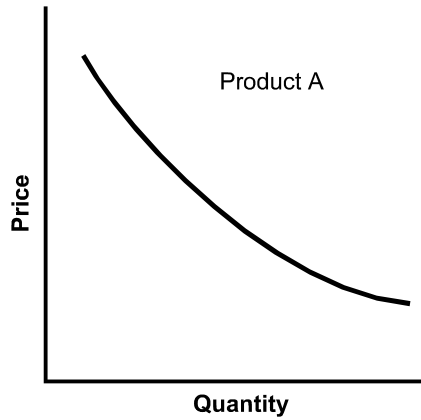
The sample items are included to illustrate the formats and types of items you will see on the test; however, your performance on the sample items should not be viewed as a predictor of your performance on the actual test.

BUSINESS EDUCATION 6–12

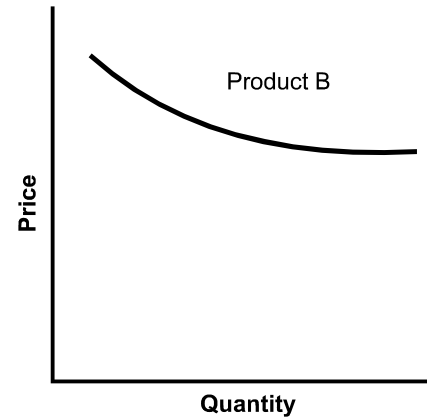
Competency 002

1. The graphs below are demand curves for four different products. Which graph represents the product with the greatest price inelasticity?

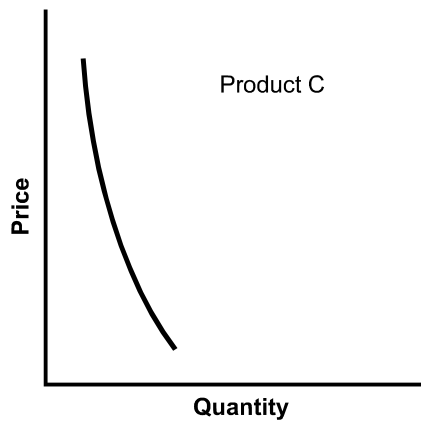
A.



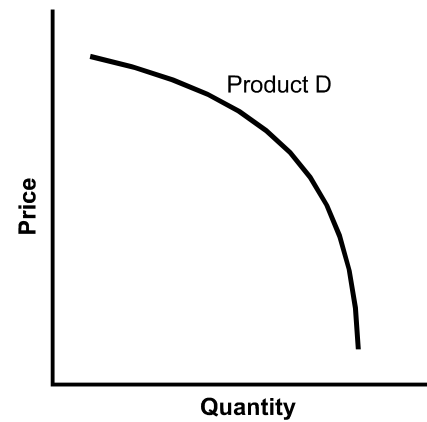
B.



C.



D.



Competency 004

2. Which of the following actions could a new company take to obtain equity financing for growth?
 - A. Issue corporate bonds.
 - B. Hold an initial public offering (IPO) of stock.
 - C. Purchase debenture bonds.
 - D. Secure a low-interest loan from a lending institution.

Competency 005

3. Which of the following best exemplifies a manager who adheres to McGregor's Theory Y of management?
 - A. Ms. Sanchez meets with her staff often and listens to their advice when making decisions.
 - B. Ms. Doe rewards staff members who adjust to her leadership style with bonuses and special perks.
 - C. Ms. Jones has her employees elect a coworker each month to be recognized for distinction.
 - D. Ms. Travis organizes her office so staff members follow her rigid and detailed instructions.

Competency 006

4. Which of the following best describes an important feature of the Texas right-to-work law?
 - A. Employers must make reasonable accommodations for disabled employees.
 - B. Employees are permitted to work at a unionized company without joining the union.
 - C. Employers must pay equal wages to men and women who perform similar jobs.
 - D. Employees are guaranteed a wage that allows them to meet their cost-of-living needs.

Competency 007

5. Which of the following is an example of unethical business behavior?
 - A. An automobile dealership offers a 20% discount to a delivery company purchasing several new vans.
 - B. A medical doctor accepts samples from a pharmaceutical sales representative.
 - C. An auto repair mechanic exaggerates the need for repairs on a customer's vehicle.
 - D. An electronics company creates an advertisement that highlights weaknesses in a competitor's television.

Competency 008

6. Mark agrees to buy a used car from Eliza for \$8500. In order for this business contract to be legally binding, which of the following conditions will have to be met?
- A. Mark must pay Eliza the full price upon taking possession of the car.
 - B. Both parties must reside in the same state.
 - C. The agreement must be in writing and signed by both parties.
 - D. The transaction must take place within 90 days of the agreement.

Competency 008

7. In which of the following situations does the Occupational Safety and Health Act protect workers from disciplinary action if they refuse to perform a job due to workplace hazards?
- A. The workers' concerns have been verified by the Occupational Safety and Health Administration.
 - B. The workers have been informed by fellow employees that possibly dangerous working conditions exist.
 - C. The workers have filed a complaint with the Occupational Safety and Health Administration.
 - D. The workers believe in good faith that they are in imminent danger and have informed their employer.

Competency 009

8. According to the principle of comparative advantage, nations engaged in international commerce will achieve the greatest success by:
- A. specializing in production activities for which their opportunity costs are lowest.
 - B. maximizing production of goods for which there is extensive world demand.
 - C. specializing in production activities which enable them to benefit from economies of scale.
 - D. maximizing production of goods which can be shipped quickly and inexpensively.

Competency 011

9. Which of the following is the primary advantage of using desktop publishing software instead of word processing software to produce business documents?
- A. Desktop publishing software enables the user to create documents that retain their formatting and graphic features on all platforms.
 - B. Desktop publishing software allows the user to record macros that simplify difficult or repetitive operations.
 - C. Desktop publishing software facilitates the creation of more complex page layouts containing text and graphics.
 - D. Desktop publishing software allows the user to cut and paste graphics from one computer utility into another.

Competency 012

10. Adding forms to a Web page will allow the page to:
- A. collect data input by the end user.
 - B. display animations and real-time video.
 - C. appear the same across all computer platforms.
 - D. download and play background music.

Competency 012

11. A businessperson would like to produce a printed report in which business data are presented in several different graphs and a marketing strategy is proposed and described. Which of the following would be the most appropriate way to complete this task?
- A. producing the graphs with a photo editor and importing them into a multimedia program
 - B. creating the graphs with a spreadsheet program and importing them into a word processing document
 - C. designing the graphs with a paint-and-draw program and pasting them into a text editor
 - D. entering the data into a relational database and exporting the data into an object-oriented programming language

Competency 013

12. A high level of knowledge and skill associated with using sophisticated database management software is likely to be most important for an understanding of which of the following business systems?
- A. automated accounting system
 - B. data encryption system
 - C. marketing information system
 - D. office automation system

Competency 014

13. In designing a database of customer information, a company is considering what kind of data it would like to be able to retrieve from the database. This decision is most important for determining the:
- A. size of the entire database.
 - B. number of fields to have in the database.
 - C. syntax of the query language.
 - D. style of interface between the database and the end user.

Competency 015

14. In developing a security policy for a company's computer system, which of the following steps should be taken first?
- A. contacting the manufacturers of the computer system components for information about security issues
 - B. creating a plan of action for recovering data lost through theft, fire, or equipment failure
 - C. identifying critical information and assessing potential threats to the information
 - D. identifying the types of hardware and software that could be purchased to protect the system from threats

Competency 016

15. A high school student is enrolled in a work-based learning program in which he is involved in interpreting a company's financial reports. His accounting teacher is planning a unit in which students will be given a general ledger from a fictitious company. Which of the following classroom activities would best connect the accounting lesson to the student's work-based learning experiences?
- A. transferring the balance of all temporary accounts to the capital account
 - B. calculating tax liabilities and completing tax liability payment coupons
 - C. comparing net income to revenue and comparing current assets to current liabilities
 - D. determining the equality of all debit and credit accounts in the general ledger

Competency 017

16. Jamal is trying to decide whether or not his company needs a new, larger computer system. Which of the following would be the most appropriate first step for Jamal to take in making this decision?
- A. soliciting feedback from employees about the type of system they think the company should have
 - B. defining the types of problems the new system would need to solve
 - C. determining the cost of purchasing and installing a new computer system
 - D. comparing the features of different types of computer systems

Competency 018

17. Which of the following best describes the primary role of the faculty advisor to a student business organization?
- A. To instruct students about contemporary issues in the business world.
 - B. To guide students and help them take ownership of the organization.
 - C. To maintain records and monitor the financial activities of the organization.
 - D. To help participating students locate and secure part-time jobs.

ANSWER KEY

Item Number	Correct Answer	Competency
1	C	002
2	B	004
3	A	005
4	B	006
5	C	007
6	C	008
7	D	008
8	A	009
9	C	011
10	A	012
11	B	012
12	C	013
13	B	014
14	C	015
15	C	016
16	B	017
17	B	018

SECTION V

PREPARATION RESOURCES

The resources listed below may help you prepare for the TExES test in this field. These preparation resources have been identified by content experts in the field to provide up-to-date information that relates to the field in general. You may wish to use current issues or editions to obtain information on specific topics for study and review.

Sources

Allen, Kathleen. 2002. *Launching New Ventures: An Entrepreneurial Approach*. Boston, MA: Houghton Mifflin Company.

Bearden, William O., Thomas Ingram, and Raymond LaForge. 1995. *Marketing: Principles and Perspectives*. Burr Ridge, IL: Richard D. Irwin.

Bernhardt, Kenneth, and Thomas Kinnear. 1996. *Cases in Marketing Management*, 7th ed. Burr Ridge, IL: Irwin Professional Publishing.

Eppen, G. D., F. J. Gould, C. P. Schmidt, Jeffery H. Moore, and Larry R. Weatherford. 1998. *Introductory Management Science: Decision Modeling with Spreadsheets*, 5th ed. Upper Saddle River, NJ: Prentice Hall.

Farese, Lois, Grady Kimbrell, and Carl A. Woloszyk. 1995. *Marketing Essentials*, 2nd ed. St. Louis, MO: Glencoe/McGraw-Hill.

Hofstetter, Fred T. 2000. *Multimedia Literacy*, 3rd ed. Burr Ridge, IL: McGraw-Hill/Irwin.

Kerin, Roger, Eric Berkowitz, Steven Hartley, and William Rudelius. 1993. *Marketing*, 4th ed. Burr Ridge, IL: Richard D. Irwin.

Lamb, Charles W., Joseph F. Hair, and Carl McDaniel. 2004. *Essentials of Marketing*, 4th ed. Mason, OH: South-Western College Publishing.

Lesikar, Raymond V., and Marie E. Flatley. 2004. *Basic Business Communication: Skills for Empowering the Internet Generation*, 10th ed. Burr Ridge, IL: McGraw-Hill/Irwin.

Meyers, Mike. 2003. *Introduction to PC Hardware and Troubleshooting*. Emeryville, CA: McGraw-Hill/Osborne Media.

Nickels, William G., James McHugh, and Susan McHugh. 1995. *Understanding Business*, 4th ed. Burr Ridge, IL: Irwin Professional Publishing.

Remp, Ann, ed. 2002. *Technology, Methodology, and Business Education*. Reston, VA: National Business Education Association.

Silbiger, Steven. 1993. *The Ten-Day MBA: A Step-by-Step Guide to Mastering the Skills Taught in America's Top Business Schools*. New York: William Morrow and Company.

The George Lucas Educational Foundation. 2002. *Edutopia: Success Stories for Learning in the Digital Age*. Ed. Milton Chen and Sara Armstrong. San Francisco, CA: Jossey-Bass.

Thompson, Arthur, and A. J. Strickland. 2002. *Strategic Management: Concepts and Cases*, 12th ed. Burr Ridge, IL: McGraw-Hill/Irwin.

Wells, Dolores, and Ann Ambrose. 2003. *Computer Concepts BASICS*, 2nd ed. Boston, MA: Thomson Course Technology.

Online Resources

Association for Career and Technical Education, <http://www.acteonline.org>

DECA: An Association of Marketing Students, <http://www.deca.org>

International Association of Business Communicators, <http://www.iabc.com>

International Society for Technology in Education, <http://www.iste.org>

Marketing Education Association, <http://www.nationalmea.org>

Marketing Education Resource Center, <http://www.mark-ed.org>

National Association for Business Economics, <http://www.nabe.com>

National Association for Career Technical Education Information, <http://www.nactei.org>

National Association of Economic Educators, <http://ecedweb.unomaha.edu/naee.htm>

National Board for Professional Teaching Standards, <http://www.nbpts.org>

National Business Education Association, <http://www.nbea.org>

National Career Development Association, <http://www.ncda.org>

National Economic Association, <http://www.ncat.edu/~neconasc>

National Education Association, <http://www.nea.org>

National Educational Technology Standards, <http://www.cnets.iste.org>

National Marketing Standards, http://www.mark-ed.com/curricul/national_marketing_standards.htm

State Board for Educator Certification, <http://www.sbec.state.tx.us>

Texas Education Agency, <http://www.tea.state.tx.us>

Texas Essential Knowledge and Skills (TEKS), <http://www.tea.state.tx.us/teks>

U. S. Department of Education, <http://www.ed.gov>

Vocational Information Center: Business and Finance Career Resources,
<http://www.khake.com/page13.html>

00624•56225•WEBPDF96