

ETS Major Field Test MBA Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.

7. Use Other Tools

Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!

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Questions

- 1. What is the primary purpose of by-product costing in a business?**
 - A. To calculate total inventory costs**
 - B. To assess the split-off point for determining final products**
 - C. To measure the total sales revenue**
 - D. To evaluate the market share of a product**
- 2. What type of assets are long-term investments not easily convertible to cash within one year?**
 - A. Current Assets**
 - B. Liquid Assets**
 - C. Non-Current Assets**
 - D. Tangible Assets**
- 3. What defines transformational leadership?**
 - A. Focus on performance rewards and penalties**
 - B. Encouraging followers to align with the group's mission**
 - C. Emphasizing control and authority**
 - D. Providing extensive feedback for personal growth**
- 4. What are quantitative methods in business decision-making?**
 - A. Techniques that use mathematical models and statistical analyses to inform decisions**
 - B. Processes that prioritize subjective judgments and intuition in analysis**
 - C. Strategies that emphasize qualitative research and consumer feedback**
 - D. Frameworks that focus on behavioral economics and psychological factors**
- 5. What is the primary function of human resources management?**
 - A. To oversee production operations**
 - B. To enhance employee performance through training and development**
 - C. To manage corporate finances**
 - D. To create marketing campaigns**

- 6. Which decision involves determining whether to produce a product internally or purchase it from an external supplier?**
- A. Transfer pricing**
 - B. Special order decision**
 - C. Make or buy decision**
 - D. Variance analysis**
- 7. In the context of international trade, what does "tariff" refer to?**
- A. A tax imposed on imported goods to protect domestic industries**
 - B. A subsidy granted to exporters to enhance competitiveness**
 - C. A regulation that sets standards for product safety**
 - D. A fee charged for shipping goods between nations**
- 8. What is absorption costing also known as?**
- A. Marginal costing**
 - B. Full costing**
 - C. Direct costing**
 - D. Standard costing**
- 9. What term describes the ease of converting an asset into cash without impacting its market price?**
- A. Liquidity**
 - B. Asset Value**
 - C. Capital Structure**
 - D. Marketability**
- 10. What purpose do market regulations serve in an economy?**
- A. To maintain fair competition and protect consumers**
 - B. To increase tariffs on foreign imports**
 - C. To control inflation levels and manage currency exchange rates**
 - D. To promote monopolistic practices among domestic businesses**

Answers

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1. B
2. C
3. B
4. A
5. B
6. C
7. A
8. B
9. A
10. A

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Explanations

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1. What is the primary purpose of by-product costing in a business?

- A. To calculate total inventory costs**
- B. To assess the split-off point for determining final products**
- C. To measure the total sales revenue**
- D. To evaluate the market share of a product**

The primary purpose of by-product costing is to assess the split-off point for determining final products. In manufacturing processes where multiple products are produced simultaneously, such as main products and by-products, the split-off point is the stage in the production process at which the joint products become distinguishable from each other. By effectively determining the split-off point, businesses can allocate costs appropriately between the main products and any by-products. This allocation is crucial for accurately assessing the profitability of each product and for making informed pricing and production decisions. Understanding the financial implications of by-products allows companies to manage resources efficiently and contribute to overall profitability. The other options, while related to cost accounting and business performance metrics, do not specifically address the core objective of by-product costing. For instance, while calculating total inventory costs is important, it does not focus solely on the unique considerations that by-products introduce into the cost structure. Similarly, measuring total sales revenue and evaluating market share pertain to broader business strategies and financial assessments rather than the specific purpose of by-product costing.

2. What type of assets are long-term investments not easily convertible to cash within one year?

- A. Current Assets**
- B. Liquid Assets**
- C. Non-Current Assets**
- D. Tangible Assets**

Long-term investments are classified as non-current assets because they are intended to be held for more than one year and are not easily convertible to cash within that timeframe. Non-current assets include property, plant, equipment, and other investments that a business intends to hold for the long haul to generate revenue or appreciate in value over time. In contrast, current assets are those that can be converted into cash within a year, such as cash equivalents, accounts receivable, and inventories. Liquid assets, while they refer to cash or assets that can easily and quickly be converted into cash, specifically address the ease of liquidity rather than the timeframe of holding. Tangible assets, on the other hand, pertain to physical assets that can be touched, such as machinery and buildings, but do not necessarily reflect the time horizon of being held as investments. Therefore, long-term investments fall distinctly under the category of non-current assets.

3. What defines transformational leadership?

- A. Focus on performance rewards and penalties
- B. Encouraging followers to align with the group's mission**
- C. Emphasizing control and authority
- D. Providing extensive feedback for personal growth

Transformational leadership is characterized by its focus on inspiring and motivating followers to align with a shared vision and the broader mission of the organization. This type of leadership encourages team members to transcend their own self-interests for the good of the group, fostering an environment where individuals feel empowered and engaged in pursuing collective goals. By nurturing this sense of alignment, transformational leaders cultivate a culture of collaboration, innovation, and commitment. In contrast to other leadership styles, such as transactional leadership—which primarily emphasizes performance rewards and penalties—transformational leadership is about inspiring change and encouraging personal growth amongst followers. While providing feedback for personal development can be a part of a transformational leader's toolkit, the core essence lies in creating a vision that motivates individuals to buy into the overarching mission of the organization. Understanding this distinction is crucial for recognizing how transformational leaders effectively drive change and foster loyalty among their teams.

4. What are quantitative methods in business decision-making?

- A. Techniques that use mathematical models and statistical analyses to inform decisions**
- B. Processes that prioritize subjective judgments and intuition in analysis
- C. Strategies that emphasize qualitative research and consumer feedback
- D. Frameworks that focus on behavioral economics and psychological factors

Quantitative methods in business decision-making involve the use of mathematical models and statistical analyses to inform decisions. This approach relies on numerical data, allowing decision-makers to analyze trends, forecast outcomes, and evaluate the implications of different scenarios based on solid evidence. By applying statistical techniques, businesses can quantify variables, measure relationships between factors, and derive insights that are objective and replicable. Utilizing quantitative methods enables organizations to make informed choices based on empirical data rather than on intuition or anecdotal evidence. This can enhance accuracy and reliability in areas such as risk assessment, market analysis, and financial forecasting. The systematic approach of these methods supports informed strategic planning and helps companies optimize their resources effectively. This choice stands out because it encapsulates the essence of quantitative analysis in a business context, which is to leverage mathematical and statistical tools to support decision-making processes. Other options focus on more subjective or qualitative approaches that do not align with the definition of quantitative methods.

5. What is the primary function of human resources management?

- A. To oversee production operations**
- B. To enhance employee performance through training and development**
- C. To manage corporate finances**
- D. To create marketing campaigns**

The primary function of human resources management is to enhance employee performance through training and development. This aspect of HR management focuses on providing employees with the necessary skills and knowledge to improve their performance, contribute effectively to organizational goals, and advance in their careers. By investing in training programs and development opportunities, HR plays a critical role in ensuring that the workforce is competent, motivated, and aligned with the organization's objectives. Training and development initiatives not only boost individual performance but also foster a positive workplace culture, reduce turnover, and increase overall productivity. Additionally, effective training programs can help organizations adapt to changes in the marketplace, implement new technologies, and meet the evolving needs of employees. In contrast, overseeing production operations, managing corporate finances, and creating marketing campaigns, while essential functions within an organization, do not fall under the primary scope of human resources. These areas are typically handled by departments specifically focused on operations, finance, or marketing, rather than by HR professionals.

6. Which decision involves determining whether to produce a product internally or purchase it from an external supplier?

- A. Transfer pricing**
- B. Special order decision**
- C. Make or buy decision**
- D. Variance analysis**

The decision that involves determining whether to produce a product internally or purchase it from an external supplier is known as the "make or buy decision." This choice is critical as it impacts the company's overall cost structure, resource allocation, and operational efficiency. When businesses face this decision, they must analyze various factors, including production costs, quality control, capacity constraints, and potential supplier reliability. If producing the item in-house incurs lower costs and aligns with the company's strategic goals, the company will opt to "make" the product. Conversely, if an external supplier can produce the item at a more favorable cost or with higher quality, the company may choose to "buy" it instead. This decision is fundamental to cost management and supply chain efficiency, as it directly influences profitability and operational effectiveness. In contrast, transfer pricing typically relates to the pricing of goods and services sold between subsidiaries within the same company, focusing on tax implications and profit distribution rather than the make-or-buy decision itself. A special order decision usually deals with determining whether to accept a one-time order at a discounted price, which doesn't consider the broader context of make or buy. Variance analysis involves examining the differences between planned and actual performance, focusing more on budgeting and financial performance rather than

7. In the context of international trade, what does "tariff" refer to?

- A. A tax imposed on imported goods to protect domestic industries**
- B. A subsidy granted to exporters to enhance competitiveness**
- C. A regulation that sets standards for product safety**
- D. A fee charged for shipping goods between nations**

A tariff is indeed a tax imposed on imported goods, and it plays a significant role in international trade. Its primary purpose is to protect domestic industries by making imported goods more expensive. This price increase can encourage consumers to purchase domestically produced goods instead, thereby supporting local businesses and jobs. Tariffs can also generate revenue for the government. They have been used historically and in modern times as a tool for trade policy, influencing the balance of trade between countries. By imposing tariffs, a government can respond to unfair competition, trade imbalances, or the desire to promote certain industries within its borders. While the other options represent different mechanisms within international trade, they do not capture the essence of what a tariff is. Subsidies for exporters, product safety regulations, and shipping fees pertain to other aspects of trade management and strategy, but they do not describe the specific function and purpose of tariffs.

8. What is absorption costing also known as?

- A. Marginal costing**
- B. Full costing**
- C. Direct costing**
- D. Standard costing**

Absorption costing, also known as full costing, is a method of costing that captures all manufacturing costs—both fixed and variable—associated with the production of a product. This includes direct materials, direct labor, and both variable and fixed manufacturing overhead costs. The key feature of absorption costing is that it assigns all manufacturing costs to the product, which is reflected in the inventory value on the balance sheet and the cost of goods sold on the income statement. This method is required by generally accepted accounting principles (GAAP) for external financial reporting and provides a comprehensive view of product costs, which can aid in pricing and profitability analysis. By allocating all costs related to production, absorption costing allows businesses to evaluate overall profitability and make informed decisions regarding resource allocation, inventory management, and pricing strategies. In contrast, other costing methods such as marginal costing, direct costing, and standard costing focus on specific aspects of production costs or utilize different allocation techniques that may not account for all costs incurred.

9. What term describes the ease of converting an asset into cash without impacting its market price?

- A. Liquidity**
- B. Asset Value**
- C. Capital Structure**
- D. Marketability**

The term that describes the ease of converting an asset into cash without impacting its market price is liquidity. This concept is crucial in finance and investing, as it determines how quickly an asset can be sold and turned into cash while maintaining its fair market value. Highly liquid assets, like cash or stocks of large companies, can generally be sold quickly without significant loss in value. Conversely, assets that are less liquid, such as real estate or collectibles, may take longer to sell and could require a discount from the market price to facilitate a quick sale. Marketability, while related, specifically refers to the activity or volume of trading in a particular asset. It encompasses not just the conversion of the asset into cash but also how easy it is to find buyers for it. Thus, while liquid assets are typically also marketable, the primary focus of liquidity is on the speed and price stability of asset conversion to cash. Understanding liquidity is essential for both businesses and investors, as it helps inform decisions regarding cash flow management, investment strategies, and overall financial health.

10. What purpose do market regulations serve in an economy?

- A. To maintain fair competition and protect consumers**
- B. To increase tariffs on foreign imports**
- C. To control inflation levels and manage currency exchange rates**
- D. To promote monopolistic practices among domestic businesses**

Market regulations serve to maintain fair competition and protect consumers by establishing guidelines and standards that businesses must follow. These regulations are crucial in preventing unethical practices, such as false advertising, price-fixing, and monopolistic behavior, which can harm consumers and stifle competition. By ensuring that all market participants operate on a level playing field, regulations help to foster innovation, improve product quality, and keep prices fair for consumers. The correct answer highlights the role of regulations in safeguarding consumer interests while also nurturing a competitive marketplace that can lead to better services and products. This is fundamental to achieving a balanced economic environment where businesses can thrive without compromising the rights and safety of consumers.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://etsmajfieldtestmba.examzify.com>

We wish you the very best on your exam journey. You've got this!