

ETS Major Field Test MBA Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. 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.

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. 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!

Questions

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- 1. Which economic indicator would provide information about a country's economic growth?**
 - A. Consumer price index**
 - B. Interest rates**
 - C. Gross Domestic Product (GDP)**
 - D. Employment statistics**
- 2. Which formula represents gross margin in financial metrics?**
 - A. Net Sales - COGS**
 - B. Sales Revenue - Operating Expenses**
 - C. Revenue - Expenses**
 - D. Net Income - Total Liabilities**
- 3. What method determines changes in cash receipts and payments, reported in cash flow from operations?**
 - A. Accrual Basis Accounting**
 - B. Cash Accounting**
 - C. Direct Cash Flow Method**
 - D. Indirect Cash Flow Method**
- 4. Gross profit can also be defined as which of the following?**
 - A. Revenue - COGS**
 - B. Total Assets - Total Liabilities**
 - C. Operating Income + COGS**
 - D. Net Income - Operating Expenses**
- 5. Which of the following is NOT considered a variable cost?**
 - A. Raw materials costs**
 - B. Utility costs**
 - C. Rent payments**
 - D. Direct labor costs**

6. What is the significance of marketing metrics?

- A. They help track employee performance**
- B. They are used to gauge effectiveness quantitatively**
- C. They assist in financial forecasting**
- D. They gauge customer satisfaction exclusively**

7. What constitutes a competitive advantage for a company?

- A. A marketing strategy that includes discounts**
- B. A unique edge that a company has over its competitors in meeting customer needs**
- C. Having the largest market share in the industry**
- D. Reducing prices below competitors' levels**

8. Which of the following is a component of the marketing mix?

- A. Customers**
- B. Promotion**
- C. Profit**
- D. Ownership**

9. What approach is useful for understanding and managing feedback systems effectively?

- A. Strategic planning**
- B. Operations management**
- C. Systems thinking**
- D. Budget analysis**

10. Which of the following is an example of tort law?

- A. A contract dispute**
- B. Assault causing injury**
- C. Tax evasion**
- D. Breach of warranty**

Answers

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

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Explanations

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- 1. Which economic indicator would provide information about a country's economic growth?**
 - A. Consumer price index**
 - B. Interest rates**
 - C. Gross Domestic Product (GDP)**
 - D. Employment statistics**

Gross Domestic Product (GDP) is a crucial economic indicator that measures the total value of all goods and services produced within a country's borders over a specific time period. It serves as a comprehensive scorecard of a country's economic health and growth. When GDP increases, it typically indicates that the economy is expanding, businesses are producing more, and there is greater consumer spending. Conversely, a decline in GDP can point to economic contraction. GDP is commonly used by policymakers, economists, and analysts to gauge economic performance and to make comparisons between different economies or assess the health of a single economy over time. While other options provide useful information about different aspects of the economy, they do not directly represent the overall economic growth in the same way GDP does. For example, the consumer price index focuses on inflation and cost of living, interest rates pertain to monetary policy and borrowing costs, and employment statistics indicate job market conditions but don't directly measure total economic output. Thus, GDP is the most comprehensive and direct indicator of economic growth.

- 2. Which formula represents gross margin in financial metrics?**
 - A. Net Sales - COGS**
 - B. Sales Revenue - Operating Expenses**
 - C. Revenue - Expenses**
 - D. Net Income - Total Liabilities**

The formula that represents gross margin in financial metrics is Net Sales minus Cost of Goods Sold (COGS). This calculation reflects the difference between the revenue a company earns from selling its goods and the direct costs associated with producing those goods. Gross margin is a critical metric because it shows how efficiently a company is producing and selling its products. Gross margin is important for understanding a company's profitability at the most fundamental level, as it does not take into account other expenses such as operating costs, taxes, or interest. Rather, it zeroes in on the core activities of production and selling. A higher gross margin indicates that a company retains more profit from each dollar of sales after covering the cost of goods sold, which can suggest better control over production costs or higher pricing power in the marketplace. The other formulas listed relate to different financial metrics that do not specifically indicate gross margin. For instance, sales revenue minus operating expenses would provide operating income, revenue minus all expenses gives net income, and net income minus total liabilities doesn't contribute to understanding gross margin at all.

3. What method determines changes in cash receipts and payments, reported in cash flow from operations?

- A. Accrual Basis Accounting**
- B. Cash Accounting**
- C. Direct Cash Flow Method**
- D. Indirect Cash Flow Method**

The method that determines changes in cash receipts and payments, as reported in cash flow from operations, is the Direct Cash Flow Method. This approach focuses on tracking actual cash transactions, recording cash inflows from operating activities and cash outflows for operating expenses directly, without adjustments for non-cash items. Using the Direct Cash Flow Method allows for a clear presentation of cash flows by specifically identifying the sources and uses of cash in a straightforward manner. This contrasts with methods that involve adjusting net income for non-cash transactions, as the Direct Method simply reflects real-time cash movement, making it easier for stakeholders to understand the company's cash position related to its operational activities. In contrast, other methods, such as the Indirect Cash Flow Method, start with net income and adjust for changes in non-cash accounts and working capital items. While this method ultimately reconciles to the same cash flow amounts, it does not directly show cash receipts and payments as clearly as the Direct Method. Accrual Basis Accounting and Cash Accounting primarily pertain to revenue recognition and expense recording; they do not specifically focus on the cash flow details associated with operational activities in the same targeted way as the Direct Cash Flow Method does.

4. Gross profit can also be defined as which of the following?

- A. Revenue - COGS**
- B. Total Assets - Total Liabilities**
- C. Operating Income + COGS**
- D. Net Income - Operating Expenses**

Gross profit is defined as the difference between revenue and the cost of goods sold (COGS). This financial metric provides insight into a company's efficiency in producing and selling its products. Specifically, gross profit indicates how well a business is managing its production costs relative to its sales revenue. By calculating gross profit, businesses can assess their production efficiency and pricing strategy. The formula can be expressed as: Gross Profit = Revenue - COGS. This definition highlights that gross profit does not take into account operating expenses, taxes, or other income and expenses, which are included in other measures such as operating income or net income. Focusing solely on revenue and COGS allows businesses to pinpoint how well they generate profit from their core operations related to the goods they produce and sell. The other options describe different financial concepts that do not accurately represent gross profit, such as net income or total assets in comparison to liabilities, which are important but distinct measures in assessing a company's overall financial health and performance.

5. Which of the following is NOT considered a variable cost?

- A. Raw materials costs**
- B. Utility costs**
- C. Rent payments**
- D. Direct labor costs**

Variable costs are expenses that change in proportion to production levels. These costs increase as production increases and decrease as production decreases. In this context, rent payments are classified as fixed costs rather than variable costs. Fixed costs remain constant regardless of the level of production within a certain range. This means that whether a company produces a lot or a little, the rent it pays for its facilities does not change. On the other hand, raw materials costs, utility costs, and direct labor costs typically fluctuate with production volume. For example, as production rises, a company will need more raw materials and may incur higher utility costs associated with increased operations. Similarly, direct labor costs can vary if more workers are hired or existing workers are paid overtime for increased production. Therefore, rent payments distinctly stand out as not being a variable cost.

6. What is the significance of marketing metrics?

- A. They help track employee performance**
- B. They are used to gauge effectiveness quantitatively**
- C. They assist in financial forecasting**
- D. They gauge customer satisfaction exclusively**

Marketing metrics are significant because they provide a framework for measuring the effectiveness of marketing strategies and campaigns in quantitative terms. By using specific metrics, businesses can evaluate how well their marketing initiatives are performing against set objectives, such as customer acquisition, retention rates, and return on investment (ROI). This quantitative assessment enables organizations to make data-driven decisions and optimize their marketing efforts, ensuring resources are allocated efficiently to enhance overall performance. Tracking marketing effectiveness quantitatively involves analyzing data from various sources, allowing marketers to understand trends, measure progress, and adjust strategies accordingly. This insight is crucial for identifying which marketing tactics are successful, which need improvement, and how they can better align marketing efforts with overall business goals. Although the other options provide some relevance to business practices, they do not directly capture the core purpose of marketing metrics, which is to quantitatively assess marketing effectiveness. Thus, the focus on quantifiable measures solidifies the importance of option B as the most relevant choice.

7. What constitutes a competitive advantage for a company?

- A. A marketing strategy that includes discounts
- B. A unique edge that a company has over its competitors in meeting customer needs**
- C. Having the largest market share in the industry
- D. Reducing prices below competitors' levels

A competitive advantage for a company is fundamentally defined as a unique edge that allows it to meet customer needs more effectively than its competitors. This could stem from various factors, such as superior technology, better quality products, exceptional customer service, or a robust brand reputation. What matters most is that this advantage enables the company to deliver greater value, leading to customer loyalty and potentially higher profitability. When a company possesses a unique capability that its competitors cannot easily replicate, it sets itself apart in the marketplace. This uniqueness can be leveraged to influence customers' perceptions, enhance brand equity, and drive sales, ultimately contributing to long-term success. Other choices reflect aspects of business strategy, but they do not encapsulate the essence of a competitive advantage. For instance, a marketing strategy that includes discounts might be part of a tactical approach but lacks the foundational uniqueness that defines competitive advantage. Similarly, having the largest market share alone does not guarantee that a company meets customer needs better than its competitors; it simply indicates scale. Finally, reducing prices below competitors can attract customers, but it often leads to a price war that may not sustain a competitive edge in the long run. Therefore, the uniqueness and effectiveness in meeting customer needs remain the cornerstone of establishing a competitive position in the market.

8. Which of the following is a component of the marketing mix?

- A. Customers
- B. Promotion**
- C. Profit
- D. Ownership

Promotion is a key component of the marketing mix, which traditionally includes the four Ps: Product, Price, Place, and Promotion. This framework is used by marketers to develop strategies for successfully reaching and appealing to their targeted consumer base. Promotion specifically involves all the activities that communicate the benefits and value of a product or service to potential customers. It encompasses various tactics such as advertising, public relations, sales promotions, and personal selling. The purpose of promotion is to raise awareness, encourage interest, and ultimately drive sales. In contrast, the other options do not directly fit into the traditional elements of the marketing mix. Customers are essential to marketing but are not a direct component of the marketing mix itself; instead, they are the target of marketing efforts. Profit is an essential outcome of marketing activities but is not one of the elements that marketers use to build their strategy. Ownership, while relevant in discussions of business models and value propositions, does not constitute part of the marketing mix either. Therefore, promotion stands out as the correct choice within the context of the marketing mix.

9. What approach is useful for understanding and managing feedback systems effectively?

- A. Strategic planning**
- B. Operations management**
- C. Systems thinking**
- D. Budget analysis**

The concept of systems thinking is pivotal for understanding and managing feedback systems effectively. Systems thinking involves seeing the whole system rather than just focusing on individual parts, which is crucial when dealing with complex feedback loops. This holistic approach allows one to understand how different components interact and influence one another within a system. By applying systems thinking, managers can identify patterns and dynamics that may not be apparent when analyzing components in isolation. This is particularly important in feedback systems, where the output of one process can affect the input of another, creating cycles of cause and effect that must be understood in context. Additionally, systems thinking encourages continuous learning and adaptation by recognizing that systems are often interconnected and dynamic. It provides tools for addressing systemic issues rather than treating symptoms, fostering innovation and comprehensive problem-solving within organizations. Such an approach is critical for effective leadership and decision-making in today's complex business environments, where feedback loops play a significant role in performance and outcomes.

10. Which of the following is an example of tort law?

- A. A contract dispute**
- B. Assault causing injury**
- C. Tax evasion**
- D. Breach of warranty**

Tort law is a branch of law that deals with civil wrongs, where one party's actions cause harm or injury to another party. It is primarily concerned with providing compensation to the injured party rather than punishing the wrongdoer. The correct answer, relating to assault causing injury, exemplifies tort law because it involves one individual intentionally causing harm to another, clearly illustrating the principle of liability for personal injury. In such instances, the injured party may seek damages for the harm suffered, which is a fundamental aspect of tort law. The other options do not fall under tort law: a contract dispute relates to the enforcement of agreements between parties, tax evasion pertains to criminal law regarding the illegal avoidance of tax obligations, and breach of warranty generally involves a failure to uphold the terms of a sales agreement, which aligns more closely with contract law.

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!

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