***Understanding Business, 12e* (Nickels)**

**Chapter 01 Taking Risks and Making Profits within the Dynamic Business Environment**

1) Businesses provide goods, jobs, and services to others.

2) Businesses seek to earn a profit by providing goods and services to others.

3) Revenue is the amount a business earns above and beyond what it spends for expenses and costs.

4) Profit is the amount of money a business earns above and beyond what it spends for salaries and other expenses.

5) Since all businesses make a profit, starting a business is not risky.

6) An entrepreneur risks time and money to start and manage a business.

7) If a business's costs and expenses are greater than its revenue, it will suffer a loss.

8) Profits of a business include the salaries paid to its employees.

9) Revenue is the total amount of money a business takes in during a given period by selling goods and services.

10) Risk is the chance an entrepreneur takes of losing time and money on a business that may not prove profitable.

11) The United States has one of the highest standards of living in the world.

12) The term "standard of living" refers to the amount of debt people can incur on a given income.

13) Health care availability, a clean environment, and good schools all contribute to a high quality of life.

14) Maintaining a high quality of life requires the combined efforts of businesses, nonprofit organizations, and government agencies.

15) Stakeholders are all the people who stand to gain or lose by the policies and activities of a business.

16) Stakeholders include customers, employees, stockholders, suppliers, dealers, bankers, government officials, and environmentalists.

17) Outsourcing means selling goods and services to people in other countries.

18) Outsourcing has caused complications in many states where jobs have been lost to overseas companies.

19) Insourcing refers to the practice of global companies setting up design and production facilities in the United States.

20) The knowledge and skills learned in business courses are seldom relevant to students who work for nonprofit organizations or volunteer groups.

21) Businesses and nonprofit organizations often strive to accomplish the same objectives.

22) Nonprofit organizations use financial gains to meet stated social or educational goals of the organization rather than personal profit.

23) The only real purpose of a business is to make money for entrepreneurs.

24) The only way a firm can increase its profits is to increase its sales revenue.

25) The amount of profit or loss earned by a business can be found by subtracting the firm's expenses from its revenues.

26) Nonprofit organizations are similar to for-profit businesses in that they often provide goods and services that satisfy the needs of society.

27) Unlike businesses, employees of nonprofit organizations are not required to learn the business skills of information management, marketing, or financial management.

28) Business decisions should consider the interests of customers, employees, suppliers, government leaders, and stockholders.

29) Businesses satisfy the demands of all stakeholders by balancing the demands of customers and stockholders.

30) An effort to please one group of stakeholders eventually pleases all stakeholders.

31) Insourcing creates new jobs, and helps offset the number of jobs being outsourced.

32) Sarah has started her own candy company. While she recognizes the risks involved in operating a business, she is still willing to invest her time, effort, and money in hopes of earning a profit. Sarah is an example of an entrepreneur.

33) Brandford Books, an eclectic bookstore in a Phoenix suburb, generated total revenues of $17 million while incurring expenses of $14 million. By the end of the year, Brandford Books earned a profit of $3 million.

34) Since businesses strive to earn a profit, their owners benefit at the expense of the rest of society.

35) Jose earned the same amount of money this year as he did last year. Thus, his standard of living must be the same as it was last year.

36) Christina quit her job in Chicago to take a less stressful position in a small town located in a scenic area. She now earns less money and has had to cut back on her purchases of material goods, but she has more free time and really enjoys the clean air and scenic beauty of her new home. Christina has accepted a lower standard of living in order to enjoy a higher quality of life.

37) Political freedom, quality education, access to health care, and a clean environment are all factors that contribute to an improved quality of life.

38) People living in San Francisco, CA, on average earn more money than people living in Kansas City, MO. The citizens of San Francisco enjoy a higher standard of living than the citizens of Kansas City.

39) The major difference between businesses and nonprofit organizations is that only businesses can increase the standard of living, while only nonprofit organizations can improve the quality of life.

40) A charitable organization, such as the American Red Cross or Salvation Army, is classified as a for-profit organization.

41) It was recently reported that Japan succeeded in improving its people's standard of living and establishing a relatively affluent society. This report clearly indicates that both income levels and the price of goods and services rose significantly during that time period.

42) Starting a business is a riskier path toward business success than working your way up the ranks of a large business.

43) Working as an entrepreneur is the only way to succeed in business.

44) Paid vacations and health care insurance are among the benefits provided by the government to entrepreneurs.

45) Land, sometimes called a natural resource, is the most critical factor of production in explaining why some countries are poor while others are rich.

46) Money is one of the five factors of production that contribute to the creation of wealth.

47) Tools, machinery, and buildings are examples of capital resources.

48) The major advantage rich nations have over poor nations is an abundance of land and labor.

49) Entrepreneurship is one of the five factors of production that contribute to the creation of wealth.

50) Business consultant Peter Drucker said that the most important factor of production is knowledge.

51) Most business experts agree that entrepreneurship and the effective use of knowledge are the most important contributors to the creation of wealth.

52) The business environment refers to the surrounding factors that either help or hinder the development of businesses.

53) Countries with an inadequately trained workforce and few entrepreneurs often achieve the highest levels of income by relying on a large number of workers.

54) If they wish to create more wealth, poor nations should focus on policies that increase entrepreneurship and the effective use of knowledge.

55) Aaron recently opened Twangy Tunes, a small recording studio in Nashville, TN. He probably could have set up shop in several major cities, but Nashville offered him the two most important factors, according to Peter Drucker, that would enhance the creation of wealth: labor and political freedom.

56) Gary recently completed his degree in management and is planning to start a business rehabilitating apartment buildings. After researching several potential areas, he chose Los Angeles due to its high population. Greg felt that this factor would create a large labor pool, the most important of the five factors of production.

57) Jackson is supposed to be studying for finals but his mind keeps wandering to the beach. Several years ago, his Uncle Mitch made it big and now owns a small resort near Fort Lauderdale. He promised Jackson a management trainee position and the opportunity to buy into the company by contributing a portion of his paycheck each month back into the business. As he daydreams about being his own boss, he should realize that freedom to succeed also means freedom to fail.

58) Taxes and government regulations are part of the economic and legal environment in which businesses operate.

59) High taxes and government restrictions help to encourage entrepreneurs by providing greater incentives for people to work hard and create profit.

60) One of the best things the governments of developing countries can do to increase wealth is to minimize interference with the free exchange of goods and services.

61) In countries where businesses cannot enter into binding contracts, business owners assume additional risk.

62) In an effort to increase wealth and their country's standard of living, many governments are taking over major industries and operating them as nonprofit organizations.

63) Corruption and illegal activities are expected in a capitalist system and can be beneficial.

64) One way for a government to actively promote entrepreneurship is to establish a currency that's tradable in world markets so that you can buy and sell goods anywhere in the world using that currency.

65) Honesty, integrity, and high ethical standards are essential to a capitalist economic system like the one that operates in the United States.

66) Laws that allow companies to write enforceable contracts decrease the risk of doing business.

67) In rich countries such as the United States, changes in the level of taxation have little impact on the incentives of entrepreneurs.

68) The failure to uphold high ethical business standards by a few companies can negatively impact the entire U.S. business community.

69) The government of the small nation of Gordonia owned the nation's telephone company and landlines. This relatively poor government relied on taxes to develop this industry and provide service to its citizens. If the government wanted to improve people's access to phone service, its best course of action would involve selling the telephone company to private investors.

70) The government of Willopolis is trying to attain a higher quality of life by imposing strict regulations to protect the environment and ensure safe working conditions in its industries. The government also has established programs to help the poor, financing them by raising tax rates. These efforts by Willopolis's government should create an atmosphere that encourages entrepreneurship.

71) Though it has received a lot of attention, the development of information technology (IT) has had less of an impact on the way businesses operate than many other changes.

72) An increase in productivity indicates that more can be produced in a given time period with the same amount of resources.

73) Technology can help businesses become more efficient and productive.

74) Productivity is the amount of output you generate given the amount of input such as hours worked.

75) Effectiveness means producing goods and services using the least amount of resources.

76) Effectiveness means producing the desired result.

77) Technology refers to everything that makes business operations more effective, efficient, and productive.

78) E-commerce is the buying and selling of goods online.

79) The online B2B market consists of selling goods and services to consumers.

80) The rise of online marketing has become particularly important in doing business in the B2B markets.

81) The business-to-business segment of e-commerce is of less importance than the business-to-consumer segment of e-commerce.

82) Technology allows firms to be more responsive to their customers' wants and needs.

83) Bar codes are a form of technology that has enhanced a company's ability to be responsive to consumer needs.

84) An electronic storage file where information is kept is called a CPU.

85) The databases of a business often include a great deal of information about the firm's customers.

86) Information in a database allows firms to carry only the products that the local population wants.

87) Identity theft is when individuals or firms access people's personal information and then use it for illegal purposes and activities.

88) The main difference between B2C and B2B e-commerce is that B2C is only used online, while B2B combines e-commerce with traditional (bricks-and-mortar) outlets.

89) One of the major advantages to firms involved in e-commerce is that the technology is still so new that the online firms face very little competition.

90) Natalie has joined several other investors to form a new company that sells cosmetics products to consumers online. Natalie has invested in a B2C e-commerce company.

91) Workers in the island nation of Rainland have enjoyed an increase in the number of holidays and a reduction in the average length of the workday. This has reduced the total number of hours they work each year. However, the output per worker is higher now than it was before the reduction in hours. These facts imply that productivity on the island has increased.

92) SmoothCoats produces industrial coatings for the steel industry. Until recently it relied on wholesalers to distribute its products to other businesses, but now it also sells directly to its B2B customers through its website. This is an example of the largest and most important type of e-commerce transaction.

93) As emerging technologies become widespread, businesses tend to find better uses for them. However, in the case of the Internet, businesses that sell B2B have not benefited from directly selling to their business customers in the same way that B2C companies have done.

94) Julia finds it easy to do all her holiday shopping online. She can take comfort in the fact that new technologies if installed properly are seldom used in unethical ways.

95) Technological innovation has a ripple effect. Kevin, a certified tech-nerd, is being courted by companies to write the next generation of antivirus software. Kevin should take this job because it will provide future opportunities for him.

96) To remain competitive in today's market, firms must produce a quality product and offer outstanding service at a reasonable price.

97) Producing a high-quality product will ensure success in the competitive environment.

98) Successful firms follow a customer-driven strategy, as opposed to the management-driven strategy used in the past.

99) Zero defects means that there is a company goal of no mistakes in making products.

100) Today's businesses have a managerial focus rather than a customer focus.

101) Competition is fierce! One way to respond quickly to customer needs is to develop a strategy of empowering employees.

102) A policy of empowerment encourages managers to make decisions quickly for their frontline employees.

103) Empowerment means giving frontline workers the responsibility, authority, and freedom to respond quickly to customer requests.

104) The goal of empowerment in the workplace is to prevent mistakes. Therefore, giving management more control over the actions of lower-level workers will prevent mistakes.

105) The primary focus of successful firms is designing and producing high-quality goods. Advertising is then used to convince consumers to buy their superior products.

106) It's important that firms are as efficient as possible. This is done by becoming management-driven for efficiency.

107) Customer-driven organizations require managers to closely direct and control their employees.

108) Buddy and Pablo are worthy competitors in the bakery business in Baltimore. Buddy recently negotiated a contract with a supplier for really cheap chocolate. He knows that bakery customers want cheap products. In this competitive environment, keeping the price down is all that matters.

109) Bonnie runs a house cleaning service. Although she and her employees could service 12 households in one day, they average eight homes per day. Bonnie recently restructured her crew and provided each housekeeper with an incentive to acquire two new customers each month through customer referrals. As a recent business graduate, you would tell her she's probably on the right track.

110) The statistical study of the human population to describe its size, age, gender, and income is known as diversity recognition.

111) The U.S. population tends to buy the same things and spend time in roughly the same way as people did a decade ago.

112) Demographic changes create new business opportunities.

113) Diversity groups identified in the market today can include extroverts, introverts, atheists, and the religious.

114) Companies have responded to a diverse customer base by hiring a more diverse workforce.

115) Currently people between the ages of 45 and 54 are the richest group in the United States.

116) New welfare rules have made it easier for single parents to remain at home with their young children without being required to seek employment.

117) In some cities, the number of legal and illegal immigrants has caused governments to adapt by changing signs and forms to other languages.

118) The federal government requires companies to take diversity very seriously, even recommending establishing a chief diversity officer in the executive suite.

119) One factor that has had a major effect on businesses is the growth of single-parent families.

120) Businesses that cater to older consumers in the future will likely not be successful.

121) Businesses use demographic studies to understand where people live, their lifestyles, and what they are likely to buy.

122) Diversity management would not be an issue if firms would treat all of their employees the same.

123) Demographic trends suggest that businesses will benefit from offering flexible work schedules, elder care, and child care to help employees balance the demands of job and family.

124) The current Social Security system will ensure that the young people of today will have Social Security benefits in the future when they retire.

125) Jorge, a recent college graduate, is thinking of investing in a home health care business. He believes this will be a profitable venture because of the increasing number of people in the U.S. that will be over 65 years of age in the near future and more likely to need this type of service. This accurately describes a demographic trend that will affect his business choice.

126) Elizabeth is a single mother of small children. Her employer is considering providing family leave. Since she is a single mom with two young children, she is unlikely to benefit from this program.

127) Jeff is an emergency room nurse at a regional hospital in Arizona. On a weekly basis, he will serve a number of patients who are not legally U.S. citizens. Fortunately, he speaks enough Spanish to communicate with the patients. Jeff is experiencing the realities of the social environment in some states.

128) Globalization has increased among nations.

129) An important environmental change in the global environment is the growth of international competition.

130) Improved distribution systems have led to more global trade.

131) Global trade has suffered because of increased problems with the Internet.

132) Globalization has greatly increased living standards around the world.

133) China and India have become major U.S. competitors.

134) The threat of terrorism increases the costs of operating most businesses.

135) Wars are costly to all companies.

136) War and terrorism have had a significant effect in drawing many resources away from the U.S. economy and led to many additional costs for businesses.

137) In most industries, the only producers that pose a serious threat to U.S. manufacturers are those in Japan and Western Europe.

138) Companies that participate in the defense industry by making weapons and other companies that make armored vehicles and even food companies do well when the U.S. is at war.

139) According to the box, "Hollywood Climbs the Great Wall,” casting American actors of Chinese descent attracts larger audiences in China rather than casting a Chinese actor.

140) One of the problems with globalization is that distribution systems and communication systems lack efficiency.

141) The evidence for climate change is highly suspect. Well-known U.S. companies are taking a wait-and-see approach toward addressing climate change.

142) Michael James owns a small manufacturing company that makes ventilation systems used in the construction of buildings. As the U.S. continues to be involved in wars around the globe, Michael may notice that his business will be growing more slowly in the future as more money continues to be put into the war effort.

143) Lacey owns a bakery in Dallas. She read online that the homeland security threat level has been increased due to anticipated terrorist activities, especially in large cities in the U.S. She will likely not be able to get insurance to cover any losses her business may suffer should an attack occur in Dallas.

144) After several years of working and going to school part time, Hakim recently earned a degree in marketing at a local college. The growth in global markets may increase Hakim's job opportunities, but it will also require him to continually update his skills or seek additional education.

145) Maria is an engineer for Blustery Breezes, a small manufacturer of wind turbines. Recently, a larger company, PowerMen Electric, has shown interest in investing in this small operation. This is not surprising since firms that are creating products for alternative sources of energy are attracting the attention of governments and other businesses.

146) Over many years the nature of U.S. business has changed very little from century to century.

147) The number of U.S. jobs in manufacturing has increased in the past five years.

148) Technology helped the manufacturing industry to become more productive.

149) While the proportion of workers employed in agriculture has remained relatively constant, the average size of farms has steadily decreased over the past century.

150) Increases in productivity have allowed fewer farmers to feed more and more people.

151) The advice provided by a personal trainer is an example of the service industry.

152) Almost all of the growth in employment opportunities since the mid-1980s has been generated by the service sector.

153) Although employment in the service sector has increased rapidly in recent years, the vast majority of workers are still employed in the goods-producing sector.

154) There are currently more high-paying jobs in the service sector than in the goods-producing sector.

155) The best employment strategy for today's college graduates is to search for jobs that are closely related to their college major.

156) The growth in the service sector in the United States appears to be giving way to an information-based global era.

157) The transition from an agricultural economy to a manufacturing economy to a service-based economy has resulted in a serious increase in long-term unemployment.

158) One reason given for the decline in the number of U.S. workers employed in manufacturing is that manufacturing firms in the U.S. have become more efficient.

159) The continuing increase in the number of U.S. workers in the service sector means that more and more workers are employed in low-wage positions.

160) Historically jobs lost in one sector of the economy have been replaced by increased employment opportunities in other sectors.

161) Kira is a financial planner who helps people find ways to save for retirement and lower their taxes. Kira is employed in the service sector of the economy.

162) After losing her manufacturing job in the U.S. automobile industry, Cho has found that well-paid service-sector jobs require retraining and further education.

163) An entity that seeks to earn a profit by providing a good or service is known as a(n)

A) industry.

B) corporation.

C) business.

D) service.

164) \_\_\_\_\_\_\_\_ is the amount a business earns after deducting what it spends for salaries and other expenses.

A) Profit

B) Revenue

C) Interest

D) Dividends

165) A business incurs a \_\_\_\_\_\_\_\_ if its costs and expenses exceed its revenues.

A) loss

B) liability

C) debit

D) dividend

166) \_\_\_\_\_\_\_\_ is the chance a business owner will lose the time and money invested in a business that proves to be unprofitable.

A) Depreciation

B) Risk

C) Fallibility

D) Redundancy

167) The total amount of money that businesses take in by selling goods and services is called \_\_\_\_\_\_\_\_.

A) profit

B) revenue

C) loss

D) retained earnings

168) A(n) \_\_\_\_\_\_\_\_ is a person who assumes the risk of starting a business.

A) manager

B) entrepreneur

C) employee

D) stakeholder

169) Starting a business always involves \_\_\_\_\_\_\_\_.

A) profit

B) loss

C) revenue

D) risk

170) Often in business the greater the risk, the \_\_\_\_\_\_\_\_.

A) greater the potential reward

B) lower the expected revenues

C) lower the value provided to society

D) greater the number of stakeholders

171) \_\_\_\_\_\_\_\_ is a measure of the general well-being and satisfaction derived from a variety of factors including political freedom, safety, education, and a clean environment.

A) Standard of living

B) Quality of life

C) Gross national income

D) Social satisfaction index

172) The amount of goods and services people can buy with the money they have is called their:

A) nominal income.

B) consumer price index.

C) profit margin.

D) standard of living.

173) The customers, employees, stockholders, suppliers, creditors, and others who stand to gain or lose by the policies and activities of a business represent the firm's:

A) market makers.

B) economic environment.

C) stakeholders.

D) social mentors.

174) The most important difference between for-profit businesses and nonprofit organizations is that:

A) businesses do not benefit society.

B) nonprofit organizations seek to make a profit for their owners and organizers.

C) nonprofit organizations do not seek a profit for their owners or organizers.

D) nonprofit organizations do not file tax returns.

175) Last year, Archer Electronics reported revenues of $34 million while its total expenses were $10 million. Based on this information, Archer reported

A) profits of $24 million.

B) profits of $34 million.

C) losses of $24 million.

D) losses off $34 million.

176) A common characteristic of most entrepreneurs is that they:

A) accept the risks involved in starting and managing a business.

B) have a high level of scientific and technical expertise.

C) possess a great deal of personal wealth.

D) have experience in running large, complex organizations.

177) Which of the following is the best example of a business whose goal is to earn a profit?

A) A community college

B) The American Red Cross

C) Boy Scouts of America

D) Apple

178) In order to make an intelligent investment decision, entrepreneurs should:

A) limit their options to those business investments that are backed by the U.S. government.

B) invest in businesses that have generated a stable rate of profit for at least the past 10 years.

C) invest only in business opportunities where it is possible to take an active role in management.

D) compare the risks of potential investments to their expected profits and find the right balance between profit and risk.

179) Honda and Hyundai have insourced for years to design and manufacture cars in the United States. Insourcing

A) helps offset the number of jobs being outsourced.

B) increases the number of jobs being outsourced.

C) damages the United States economy.

D) causes jobs to be lost to overseas competitors.

180) Public schools, charities, and government agencies generally \_\_\_\_\_\_\_\_.

A) are incorporated

B) do not seek to earn a profit

C) provide goods rather than services

D) do not have any stakeholders

181) For-profit businesses and nonprofit organizations are similar in that they both:

A) contribute to the welfare of society.

B) seek to earn a profit.

C) have a limited life.

D) must be controlled by a board of directors.

182) The standard of living for a nation's people depends mainly on:

A) the quality of the natural environment.

B) how much political freedom they have.

C) their income and the prices of the goods and services they buy.

D) the amount of labor and capital available employed in the manufacturing sector.

183) World-class businesses attempt to meet the needs of:

A) their customers, even if it comes at the expense of employees and other stakeholders in the business.

B) their employees, even if it means shortchanging customers by charging higher prices.

C) all stakeholders.

D) exclusively their owners, since they are ultimately the ones who pay the bills.

184) Michelle recently started selling her invention: A bed that looks like it floats in mid-air. The bed is actually suspended by magnetic forces. Michelle is a(n)

A) arbitrageur.

B) entrepreneur.

C) speculator.

D) account manager.

185) Donnell wants to invest some money that he just inherited. He found that his bank offers a savings account paying a guaranteed .3% rate of return. However, he would like to earn a higher return. Donnell should keep in mind that to earn a higher return on his money he

A) will have to invest overseas.

B) should invest in a business that has a very stable and predictable rate of return.

C) will probably have to accept a higher level of risk.

D) will probably have to engage in illegal activities.

186) Which of the following is the most accurate statement about the impact of business on society?

A) When businesses earn a profit for their owners, they usually do so at the expense of the rest of society, which proves it is never a win-win situation.

B) While businesses often improve the standard of living within a society, they can do little to improve the quality of life.

C) Businesses often improve the quality of life, but can do little to improve the standard of living of most people due to inflation.

D) Businesses can have a positive impact on both the standard of living and the quality of life within a society.

187) Though the prices of things she buys have gone up, Jin's income has remained stable over the past few years . Nevertheless, Jin feels better off because the environment is cleaner, the crime rate has dropped, she has more relaxation time, and the quality of medical care has improved. If Jin's experience is typical, we can assume that the standard of living has

A) increased, but the quality of life has decreased.

B) increased, and so has the quality of life.

C) declined, but the quality of life has increased.

D) declined, and so has the quality of life.

188) Eve and her three college friends enjoy perfumes. As a special gift to each of them last holiday season, she found a way to make scented candles with each friend's favorite perfume scent. The three friends loved her gift idea and encouraged Eve to create more and sell them online. Recently, she is filling orders from her website, and turning a profit. Eve is proof that:

A) me-too businesses work.

B) when you successfully fill a market need, you can make money.

C) the Internet is a way to distribute just about anything.

D) the cost of supplies to make candles is relatively cheap.

189) Green Goddess Developers is a large nationwide landscape company with home offices in Libertyville, IL. The local media often gushes over the gorgeous landscaping that surrounds the 30-acre headquarters. At the back end of the complex are several large warehouses and garages that hold large equipment. The grounds surrounding the warehouses look like a park. Across the street from the garages are several shops and businesses. The CEO, Patty, often talks about how thankful she is that the town permits her to store equipment at that site, and vows to always maintain the premises for her neighbors, not to mention that she asks 100 employees to come to work there every day. Which of the following statements describes Patty's business philosophy?

A) Patty is a nice woman whose company made a lot of money, so she is willing to spread it around.

B) Patty understands that even though it may cost a little more, stakeholder considerations are very important if you want your business to thrive.

C) Patty is more concerned about town politics than about the company profits. She should ask his employees if they would rather have that money in their pockets than on the lawns.

D) Patty is taking a business risk that her trucks and equipment will not make too much noise as they enter and exit the garages.

190) Which of the following entails the greatest amount of risk?

A) Working for the government

B) Working for a large business

C) Working for a small business

D) Starting a business

191) The resources that contribute to the creation of wealth are known as \_\_\_\_\_\_\_\_.

A) production coefficients

B) factors of production

C) production technologies

D) production aggregates

192) Which of the following is a factor of production?

A) Bonds

B) Money

C) Knowledge

D) Service

193) As a factor of production, the term *capital* includes:

A) Stocks and bonds issued by corporations.

B) Natural resources such as land and water.

C) Tools, machinery, and buildings.

D) Services provided by the government that enable businesses to be more productive.

194) Two factors of production that seem to contribute the most to a nation's ability to create wealth are:

A) land and labor.

B) land and capital.

C) entrepreneurship and labor.

D) entrepreneurship and knowledge.

195) \_\_\_\_\_\_\_\_ is/are the external and internal circumstances that surround the business.

A) The business environment

B) The factors of production

C) The business corral

D) The business disciplines

196) Entrepreneurs weigh the differences between the benefits of starting a business and those things that they are likely to forego because they choose to work for themselves. Such things they are likely to pass up on are:

A) the freedom to make their own decisions.

B) local government benefits such as enterprise zone tax credits.

C) employer-paid benefits such as paid vacation and health insurance.

D) tickets to sporting events that trading partners may provide.

197) Which of the following is a benefit of owning your own business?

A) Freedom to keep the profits from your business

B) Government-supported health insurance

C) More camaraderie with employees

D) Shorter work hours

198) Mary Kay owns a nursery. The trucks, handcarts, and forklift she purchased for the business are called \_\_\_\_\_\_\_\_ investments.

A) natural resources

B) intangible resources

C) current asset

D) capital

199) As you consider the factors of production, which of the following did management theorist Peter Drucker believe to be one of the most important contributing factors to increasing our nation's wealth?

A) Land

B) Labor

C) Knowledge

D) Capital

200) When we compare the factors of production in wealthy versus poor nations, we find

A) poor nations have plenty of land and knowledge, but very little labor.

B) poor and wealthy nations (both) have an abundance of knowledge; it is the land that varies, with rich nations always having more.

C) wealthy nations have knowledge and entrepreneurial opportunities, while poor nations are often lacking in these areas.

D) wealthy nations have land and labor, while poor nations have capital and entrepreneurship.

201) A nation progresses socially when it has good schools, clean air and water, and more. Which of the following statements addresses conditions for social progress?

A) Social progress will evolve when capital is apportioned to everyone in equal amounts.

B) A city, state, or nation's social progress needs the right business environment.

C) The foundation for social progress is a handful of wealthy entrepreneurs willing to spread the wealth.

D) Social progress can only improve when there is a strong labor pool to draw from.

202) Which of the following statements about factors of production is the most accurate?

A) The five factors of production are energy, capital, labor, leadership, and money.

B) Wealth creation in poor nations is slowed by chronic shortages of labor.

C) Each of the factors of production is equally important in creating wealth.

D) Entrepreneurship and knowledge are the most important in creating wealth.

203) Cantlivia is a small and poor nation, but its current prime minister has a desire to create more wealth for her citizens. The prime minister has received recommendations from several of her advisors. Which of the following recommendations is likely to create the most wealth for Cantlivia?

A) Acquire more land by invading a neighboring country that is even poorer and weaker than Cantlivia.

B) Use foreign aid from other nations to purchase more tools and machinery.

C) Establish a business environment that promotes and rewards entrepreneurship.

D) Establish barriers to trade to protect Cantlivia businesses from foreign competition.

204) Brendan and Sean combined their love of baseball with a business venture. They purchased a small cart and began selling memorabilia outside of their hometown stadium. Their first year went well, but the past two years have been quite a struggle. Due to poor economic conditions and the team's horrible record, ticket sales at the stadium are down, which has significantly hurt their sales as well. As a recent business graduate, you explain to Brendan and Sean that

A) this type of business is always high risk because it is seasonal.

B) the business does not fill a sufficient need for most people.

C) environmental circumstances are dynamic and tough to control.

D) social entrepreneurs are currently getting most of the attention.

205) Pete is a recent finance graduate who has two passions: music and finance. Upon graduation, he was offered an opportunity to join a struggling rock band with a lot of potential, or a job at a large well-established financial services company. By joining the band, he will forego which of the following?

A) Added benefits such as health insurance provided to employees of large corporations.

B) The freedom to contribute as an innovator in his work environment.

C) Long hours at work, while he learns the business and contributes to making it successful.

D) Job protection.

206) China is a nation with a vast amount of land and a very large population. Another characteristic of this nation is its people's affinity for saving money. Referring to the five factors of production, the government of China has made significant progress in building its business environment by focusing on factors that needed improvement. Its best strategy would be to

A) increase the supply of labor.

B) increase sources for capital.

C) increase entrepreneurship.

D) encourage neighboring nations to provide the necessary land for business development.

207) Taxes and government regulations are part of the \_\_\_\_\_\_\_\_ environment of business.

A) economic and legal

B) competitive

C) social

D) technological

208) Businesses favor:

A) minimal government spending because it keeps taxes to a minimum.

B) more government services because it minimizes tax consequences.

C) maximum government spending because it raises business profits.

D) less government spending because it lowers business profits.

209) In order to create more wealth and provide better services, some nations recognize that \_\_\_\_\_\_\_\_.

A) raising taxes benefits all businesses.

B) a good strategy is to minimize interference with the free exchange of goods and services.

C) restricting trade with other countries always helps domestic businesses.

D) taking control of privately owned businesses and making them government-run will decrease taxes and improve the lives of everyone.

210) In countries where businesses are government owned,

A) there is less incentive to work hard.

B) the right amount of each good is produced.

C) profits tend to be higher.

D) the quality of goods is high but profits are low.

211) High tax rates tend to:

A) promote economic development.

B) make a nation's currency tradable.

C) discourage entrepreneurship.

D) reduce the amount of money created by the government.

212) Contemporary governments promote business development by

A) increasing business regulations.

B) providing government ownership of businesses.

C) permitting businesspeople to conduct business without the use of contracts.

D) establishing a currency that's tradable in world markets.

213) Which of the following policies would tend to foster entrepreneurship?

A) Minimize taxes and regulations.

B) Promote more regulations to protect the environment.

C) Develop policies to reduce corruption between individuals.

D) Encourage public ownership of businesses.

214) When corruption is present in the business environment:

A) company leaders may threaten competitors and minimize competition.

B) factories are easier to build without a government permit.

C) it promotes fair competition.

D) laborers can make more money.

215) Which of the following government policies would be **least** likely to encourage entrepreneurship?

A) Passage of laws that enable businesspeople to write enforceable contracts

B) Establishment of a currency that is tradable in world markets

C) Establishment of strict regulations specifying exactly how products should be made to ensure safety and affordability

D) Passage of laws that eliminate corruption in government and business

216) Blockbuster stores shuttered their doors but Netflix is still growing. Both companies participated in the video rental business. Netflix evaluated the lifestyle needs of video customers, understanding that time, family, and work obligations called for more convenient methods to receive video entertainment. Netflix embraced the opportunity to stream videos directly to customers and create their own content. The company also managed to keep customer costs down, by passing along the savings it realized in labor. Blockbuster did not pay enough attention to competitor movements, permitting Netflix to quickly capture video market share. Which external environment probably had the ***least*** effect on Netflix's success?

A) Social environment

B) Competitive environment

C) Economic and legal environment

D) Technological environment

217) A *New York Times* article about Bernie Madoff and his illegal Ponzi scheme stated, "When money goes global, fraud does too." Although the goal of investors who trusted Madoff's investment company was to earn the highest return possible on their investments, they turned a blind eye toward the fact that some of those returns were too good to be true. Individual investors, companies, and even charities lost large sums of money by investing with Madoff's company. Which of the following statements relates to this story?

A) The unethical behavior of one company had a worldwide ripple effect that can impact the well-being of an economy.

B) Too much regulation caused the capitalistic nature of Mr. Madoff's business model to fail.

C) People lost money because of the fluctuations in world trading currencies, questioning the legitimacy of trading abroad.

D) Investors did not sign contracts with Mr. Madoff's company. The government can only protect individuals and companies who sign enforceable contracts.

218) Chao sells custom bicycles. He buys several bike parts including wheels and tires from Upright Strides, Inc. Although several government-supported regulations help Chao in his business, regulations that make it easy for his business to enjoy good vendor relationships are

A) lower taxes that business-to-business customers pay to each other.

B) laws that permit minimal corruption in banking institutions.

C) laws that permit small businesses to use the government as an intermediary when doing business with other small businesses.

D) laws that support enforceable contracts between firms.

219) Walter Waterson owns a lawn irrigation system business. He manages the installations and maintenance of these systems. Several customers are golf courses, but he serves a large group of residential customers as well. When he started the business 10 years ago, he promised to always operate within the legal limits of the law, but lately, the competition is eating him alive. Large competitors have hired illegal immigrants to perform the manual labor, and they do not pay taxes on these employees—they just pay them in cash at the end of the week. Employment taxes are a burden to him. Walter does not want to hire illegal workers. There's a risk if you permit an illegal worker to drive a truck; or, if he/she has an accident on the job. You have just studied business ethics in your class. You inform Walter that

A) taxes only need to be paid for the owners.

B) he is not only taking a chance that a bigger problem may occur, he is indirectly setting the ethics code for his business.

C) small businesses may not be able to worry about ethics codes. These types of documents are better suited for big business.

D) it is not unethical to try to better the lives of others. Everyone needs jobs.

220) The emergence of an information-based economy are important parts of the \_\_\_\_\_\_\_\_ environment in which businesses operate.

A) economic and legal

B) technological

C) competitive

D) global

221) Technology affects people in:

A) all industries.

B) most industries.

C) information technology industries with the exception of agriculture.

D) primarily high-income countries.

222) Employers provide tools and technology for their employees in order to:

A) increase the cost of production and profitability.

B) improve their efficiency and productivity.

C) reduce corruption in business and eliminate scandals.

D) encourage the private ownership of businesses.

223) Efficiency means:

A) producing the desired result.

B) producing goods and services using the least amount of resources.

C) the amount of output you generate given the amount of input.

D) the buying and selling of goods using the most amount of resources.

224) \_\_\_\_\_\_\_\_ refers to the amount of output generated with a given amount of input, e.g., the number of pizzas produced per worker per hour.

A) Efficiency

B) Technology

C) Telecommuting

D) Productivity

225) \_\_\_\_\_\_\_\_ means producing the desired result.

A) Effectiveness

B) Technology

C) E-production

D) Productivity

226) \_\_\_\_\_\_\_\_ means producing items using the least amount of resources.

A) Efficiency

B) Technology

C) E-production

D) Productivity

227) The two main types of e-commerce are:

A) online and offline.

B) EDI and EDC.

C) wholesale and retail.

D) B2B and B2C.

228) When businesses sell to other businesses online, these transactions are known as:

A) B2C transactions.

B) e-wholesale transactions.

C) B2B transactions.

D) intermediate e-commerce transactions.

229) Companies that sell goods to consumers online are engaging in \_\_\_\_\_\_\_\_ transactions.

A) B2C

B) IOU

C) B2B

D) Y2K

230) The series of lines on a product packaging that the cashier scans when you check out at a grocery store or discount store is called a

A) bar code.

B) zip code.

C) scan code.

D) laser code.

231) An electronic storage file where firms keep customer information is known as a(n) \_\_\_\_\_\_\_\_.

A) MP3 file

B) management information system

C) database

D) e-mail server

232) \_\_\_\_\_\_\_\_ is illegally obtaining and illegally using private information about a person, such as using someone's credit card number.

A) Petty theft

B) Identity theft

C) Banking theft

D) Online theft

233) One advantage of a database is it

A) permits a retail store to directly gather information on the customers who do business with its competitors, so it can target promotional materials to those people.

B) creates efficiency in that the store can quickly replenish items that are purchased.

C) prevents identity theft.

D) prevents stores from exchanging customer information with each other.

234) Which of the following is an advantage of utilizing technology?

A) Technology increases the cost of production.

B) Technology reduces the need for a marketing plan.

C) Productivity increases.

D) Management becomes isolated from the demands of stakeholders.

235) Which of the following best describes the main difference between B2B and B2C transactions?

A) B2B transactions involve transactions where the buyers and sellers are both businesses, while B2C involves transactions between businesses and consumers.

B) B2B transactions focus on financial transactions while B2C e-commerce focuses on the sale of manufactured goods.

C) B2B transactions refer to business between nonprofit organizations while B2C e-commerce is carried out by business firms seeking to earn a profit.

D) B2B transactions involve sales in foreign markets while B2C e-commerce is restricted to domestic markets.

236) In recent years, businesses in general have experienced a lasting impact due to the emergence of

A) motor-related technologies

B) technologies related to brain studies

C) counterfeit technologies

D) information technologies

237) NetKnowledge is an online company that provides support services for businesses that need help in setting up and maintaining their websites. NetKnowledge is an example of a company that is engaged in \_\_\_\_\_\_\_\_ e-commerce.

A) B2C

B) N2Y

C) Y2K

D) B2B

238) Lux Ladies, Inc., is a company that specializes in expensive and unusual gifts for all occasions. It keeps a large file of information on all of its regular customers, including names, addresses, and type of gifts they have ordered in the past, and the size and frequency of their orders. The electronic file which stores this information is a(n)

A) spreadsheet.

B) MP3 file.

C) PERT file.

D) database.

239) New orders are coming in quickly for SmartTech, and management is confident that new contracts will take them through the next couple of years. The company has started investing again, but not in people. The number of employees is the same as when the company and its competitors faced the Great Recession. Most likely due to \_\_\_\_\_\_\_\_, the company is producing more product and services with less people.

A) the lack of skilled labor

B) new competition

C) social changes

D) technological advancement

240) Which of the following predictions about the impact of e-commerce on traditional businesses is the most accurate?

A) E-commerce will have little impact on most traditional businesses, because only a few types of products can be sold effectively online.

B) Traditional brick-and-mortar firms will enter the e-commerce market by creating their own websites.

C) E-commerce will prove to be very successful in competing against traditional firms in B2C markets, but will have much less success in B2B markets.

D) Brick-and-mortar businesses will cease to exist within 20 years.

241) Tyler Brown recently noticed that he was seeing more Facebook advertisements than he had in the past even though he had not requested any of them. Which of the following best explains why this is happening?

A) Tyrell was a victim of identity theft.

B) Tyrell gave his personal information to a business, which then traded it to other companies, and these companies then began targeting their advertisements.

C) All businesses routinely have all customers' personal information.

D) Tyrell's accountant gave his information to the marketers.

242) Klara wants to compare the price of a wallet she saw at Nordstrom Rack with other stores that may have the same wallet. She locates the product on three different websites, including Amazon. Klara's quest is an example of how customers are using \_\_\_\_\_\_\_\_ to solve problems.

A) price shopping

B) databases

C) information technology

D) social networking

243) Sean McGowan renewed his membership at Bargain Barn. Shortly after renewing the card, Sean started receiving calls from collection agencies claiming that he owed money. He quickly learned that another Sean McGowan also owned a Bargain Barn card and missed many payments. Bargain Barn had linked Sean's personal information with the other Sean McGowan's personal information. Sean experienced

A) buyer's remorse.

B) database fraud

C) information trafficking

D) identity theft

244) Opportunities and advancements in the technological environment during the past 20 years have opened the doors for a number of products that enhance the lives of consumers. Identity theft and other forms of cybercrime are also by-products of these technological advancements. Which of the following statements describes a form of identity theft?

A) Smartphone apps that permit the consumer to price compare by scanning the barcode of a product, such as a cell phone.

B) Hacking into a business's database to obtain customer credit card numbers, and then selling those numbers to others for use.

C) GPS technology that permits you to find the exact location of a person, by entering that person's phone number into your application.

D) The application of *cookies* to a consumer's computer system that identify his/her purchasing patterns.

245) Hussein got a call yesterday from First Bank, the company that issued his credit card inquiring about an $105.00 charge made in Buenos Aires, Argentina. Upon learning that Hussein was in Detroit and had not made this purchase, the bank quickly took steps to cancel the card and issue a new one. Given the circumstances that Hussein's credit card number had an illegal transaction, he may also want to

A) check his computer's firewall to make sure it's working.

B) cancel his account and eliminate credit cards from his life.

C) change his passwords and store them in a password manager.

D) diversify his spending habits by using one of several credit cards when making purchases.

246) In today's competitive environment, good value means:

A) making products with zero defects.

B) superior quality that translates into durable products.

C) offering the latest trends without seeming like you are over the top.

D) providing quality products and services at competitive prices.

247) Successful businesses are keenly focused on their

A) customers.

B) managers.

C) creditors.

D) bureaucrats.

248) Empowerment means:

A) giving employees the authority to make decisions.

B) making certain that employees always defer to management when making decisions.

C) hiring employees that do not require training due to the costly nature of this activity.

D) asking employees to write the policies which govern their jobs.

249) Empowerment requires managers to focus more on \_\_\_\_\_\_\_\_ lower-level employees.

A) directly supervising

B) training

C) simplifying the jobs of

D) controlling and correcting

250) To implement a policy of empowerment, the organization will restructure so that:

A) managers have more responsibility and employees learn to follow directions.

B) employees assume more responsibility.

C) workers agree to work overtime without extra pay.

D) an entire level of management is removed from the organization.

251) Which of the following statements about the competitive environment is most accurate?

A) Firms that produce a quality product will always succeed in the competitive marketplace.

B) Traditional firms will be unable to successfully compete against the new online firms unless they immediately create a way to reach customers through the Internet.

C) Firms that empower their employees will continue to perform poorly in the competitive environment.

D) Companies now have to offer both high-quality products and outstanding service at competitive prices.

252) In order to compete well and gain market share, contemporary businesses are changing to be more

A) customer-driven.

B) cash-driven.

C) management-driven.

D) production-driven.

253) Juan is a salesperson for Floor Masters, Inc. He really appreciates the amount of freedom and authority the company gives its sales people in order to better meet the needs of customers. Juan's experience suggests that Floor Masters practices

A) centralized management.

B) fast response theory.

C) enfranchisement.

D) empowerment.

254) Gina is working as a marketing trainee for a streaming video company. Her boss called a meeting for next week with one thing on the agenda: "Bring with you your ideas about how we can gain a competitive advantage." Gina plans to provide the following response:

A) Create a management-driven environment with lots of employee training.

B) Create a customer-driven environment where we constantly try to create customer value.

C) Restructure the organization so that there is always a manager on duty to chat with online customers who are having problems with their orders.

D) Always match the promotions of our competitors; price is the only thing customers care about.

255) Tabitha called in a food order to feed her office team. When she arrived to pick up, it was not what she ordered. The store associate quickly made it right, and offered an extra dozen bagels to make up for the mistake. There was no need to check with the supervisor, as the employee was \_\_\_\_\_\_\_\_ to make decisions that translate into good customer service.

A) structured

B) empowered

C) asked by the customer

D) deputized

256) Which of the following statements best describes how firms must treat their frontline workers in order to remain competitive? Frontline workers must be \_\_\_\_\_\_\_\_.

A) empowered with the authority to respond quickly to the unmet needs of customers

B) closely supervised to reduce the risk of product liability and discrimination lawsuits

C) eliminated and replaced with automated equipment whenever possible

D) relieved of any burden to make a customer decision

257) Markus is in charge of production for a family-owned company that makes and sells kitchen utensils. He has stated that speed of delivery is the most important factor for success in the competitive environment. Which of the following would be the best response to Markus?

A) You are right on target, Markus. Time is money.

B) You are the man, Markus. As long as our price is competitive, speedy delivery will win in today's changing marketplace.

C) Well Markus, speed isn't everything. What would exceed our customers' expectations? Some consumers may put more importance on high quality and/or lower prices.

D) Dude, you couldn't be more wrong. Quality is the name of the game. He who has the best product will win in the competitive environment.

258) The statistical study of human population to learn its size, density, and characteristics is called

A) psychographics.

B) econometrics.

C) demographics.

D) geometrics.

259) Businesses collect \_\_\_\_\_\_\_\_ information on where people live, what they buy, and how they spend their time.

A) geometric

B) econometric

C) demographic

D) anthropologic

260) Diversity is more than recruiting and keeping minorities. Diversity means appreciating and understanding other differences in our customers and in our workforce. The best description of these differences is:

A) people with disabilities, people with different sexual orientations, religious preferences, and even personality differences such as extraverts and introverts.

B) gender roles.

C) surface-level things such as green eyes versus brown eyes.

D) racial differences and gender differences.

261) Efforts are under way to serve the needs of a diverse population. Diversity means:

A) selling products to immigrants.

B) dealing sensitively with workers and cultures around the world.

C) providing government programs such as free health care for illegal and legal immigrants.

D) meeting employment quotas so that diverse groups are always represented in your workforce.

262) Due to population shifts,

A) businesses that cater to older consumers will see higher growth.

B) businesses that cater to older consumers will see slower growth.

C) businesses that sell electronic devices will see a significant decline.

D) health care will emerge as the only business sector that will grow.

263) Which of the following industries will most likely benefit from an aging population?

A) Financial services to help clients plan for their education

B) Home health care businesses

C) Children's day-care centers

D) Auto industry

264) The Social Security system:

A) continues to burden businesses due to the fact that businesses must provide and pay for this benefit for their employees.

B) met the needs of our nation when it was first introduced, but needs an overhaul.

C) will continue to serve the needs of U.S. citizens into the distant future, due to the fact that there are so few retirees placing a strain on it.

D) is failing because the U.S. government failed to invest the money that employees contributed.

265) People over 65 years old represent

A) the unemployed generation.

B) the single-parent family generation.

C) a potentially lucrative market.

D) a group that has never contributed to Social Security.

266) Businesses are supporting single-parent families with:

A) Social Security benefits.

B) a more lenient welfare system.

C) more flexible work benefits such as flextime and family leave.

D) limited benefits due to the declining numbers of these families.

267) Which of the statements about demography is most accurate? Demographic studies:

A) focus on factors that have great political relevance, but little relevance to business firms.

B) suggest that the number of single-parent families is declining.

C) provide businesses and individuals with insights into business and career opportunities for the future.

D) are an important source of information about changes in health patterns.

268) Which of the following business policies would most likely help a single-parent family?

A) Requiring the employee to work regularly scheduled hours each day

B) Allowing sick leave to be used only if the employee is ill

C) Requiring education outside of regular business hours to help the employee advance

D) Allowing family leave and flextime

269) The immigrant population (both legal and illegal) is having the most dramatic effect on

A) car and truck makers.

B) mining and minerals industry.

C) schools, hospitals, and other services industries.

D) ice cream and confection industry.

270) Retired people will be draining the U.S. economy of wealth. This is due to

A) the fact that most have smoked all their lives and now are accumulating large healthcare bills.

B) the fact there are not enough workers in subsequent generations to support the ongoing drain of older persons into the Social Security system.

C) their lack of interest in supporting restaurants, resorts, educational institutions, and service-intensive companies.

D) the fact that they refuse to use current information technology to improve efficiency.

271) If you were to discuss and analyze the social changes affecting the future of business, which of the following statements should be part of that conversation?

A) It is becoming more difficult to provide expert pre-natal care for women, resulting in a negative impact on the future of childbirth.

B) The increase in older citizens may impact an employee's take-home pay if programs such as Social Security will need to be funded at a higher level. Skilled employees may require higher wages to make up the shortfall.

C) With less money to spend, older Americans over 65 will no longer require transportation, entertainment, education, and lodging. This is highly likely to negatively impact these industries.

D) Business taxes are very likely to spike due to the fact that welfare laws are making it relatively easy for single parents to stay home with their children, rather than find jobs.

272) Casey is looking into opening a day care in her community. She is aware of many single-parent families that need a place for their children to stay while they work, but she is concerned about the long-term prospects for such a business. Casey thinks the future of her day care will depend on whether birth rates and the number of single-parent families keep growing. These concerns illustrate how businesses can be affected by \_\_\_\_\_\_\_\_ trends.

A) econometric

B) demographic

C) holographic

D) psychometric

273) HealthLink Hospital is looking into introducing a flextime program for its employees. A group of workers who would probably benefit from flextime is

A) workers who do not have access to computers at home.

B) workers who have little self-motivation to work eight-hour days.

C) frontline workers who frequently go out to meet with home furnishing designers.

D) single-parent families.

274) Pets on the Run, Inc., a mobile pet care company, is planning for the future. As a business student who has studied social trends, which of the following statements reflects the need for Pets on the Run's service in the future?

A) Mobile pet care will not be needed because the majority of people are working which means that nobody is home.

B) People will always prefer to take their pets to the veterinary clinic and groomer.

C) The aging population will be a sizeable market for this firm.

D) People who would require this service would be higher income individuals. Retired people would not be a market for this firm because they do not have money to care for pets.

275) The global environment:

A) is a new frontier.

B) is far reaching and affects all the other business environments.

C) is shrinking.

D) has not affected the United States due to its strong gross domestic product.

276) The threat of terrorism more often \_\_\_\_\_\_\_\_ the cost of operating a business.

A) increases

B) decreases

C) stabilizes

D) destabilizes

277) An increase in global trade will:

A) increase prices.

B) decrease jobs.

C) increase political instability.

D) increase global competition.

278) Globalization

A) has greatly improved living standards around the world.

B) has significantly reduced living standards around the world.

C) has opened doors to only a handful of markets.

D) has greatly changed companies that hire people to sell products, but not companies that hire people to provide services.

279) Greening refers to

A) the need for more carbon dioxide in our air.

B) firms acquiring more greenbacks (U.S. dollars) from world trade.

C) finding ways to save energy and lessen the harm on our environment.

D) the agricultural industry's push to develop and produce new green vegetables to feed the world.

280) Efficiency in distribution systems around the world has led to

A) increased world trade.

B) decreased world trade.

C) decreased international competition.

D) reduced standards of living around the world.

281) Airline companies around the world are experiencing increased costs in part due to

A) decreases in the cost of fuel.

B) decreasing world trade.

C) the threat of terrorism.

D) lack of interest in flying.

282) War and terrorism in many parts of the world should lead to

A) a decrease in warring nations.

B) consumers spending more because they feel more patriotic.

C) an increase in prosperity and peace throughout the world.

D) consumer and economic hardship due to increased military spending.

283) World trade has both benefits and costs. Which of the following statements best attests to this fact?

A) The U.S. economy and all businesses that participate in this economy were negatively impacted by recent wars.

B) The standard of living for citizens in developing nations has significantly decreased due to globalization.

C) Economists are convinced that global job creation will never occur if our politicians support world trade.

D) Large companies and small companies agree that the green movement is a global issue. Firms are embracing opportunities to bring value to consumers by creating green products and services.

284) The green movement is

A) a trend that started with the U.S. government.

B) concerned with depletion of natural resources.

C) developing more green food products to feed the world's poor.

D) our concern with the fact that everywhere we look, things are remaining green for longer periods of time.

285) The threat of terrorism

A) benefits most businesses because just about all companies contribute toward averting these threats.

B) will certainly affect companies that participate in global trade, but most large U.S. companies do their business domestically.

C) has increased the quality of life of most people because companies employ more workers when the threat is high, and workers help companies increase profits.

D) is costly to most firms because it is costly to governments who increase taxes to pay for added protection.

286) According to the box, "Hollywood Climbs the Great Wall,” Chinese investors are not only distributing Hollywood films in their home country, they are also

A) producing films to distribute in South America.

B) buying companies that manufacture cameras and sound equipment.

C) creating theatrical education programs in the nation's universities.

D) investing in American entertainment companies and working to make China a moviemaking power.

287) Tomas recently graduated with honors from his college. He has bragged to his friends that his academic performance has prepared him so well for a successful career that he can find a job with ease and forget school or training in his future. In evaluating the future of the workplace, Tomas is

A) exactly right. His past performance should carry him to success.

B) completely wrong. Studies show that a college education has little to do with success.

C) overconfident. Global competition means that continuous learning will be needed in the future to adapt to rapid changes.

D) probably right. Specialized training today is a key to continued success in the future.

288) Dennis and Donna recently moved to Kansas on a three-acre site. They purchased their home within biking distance to the hospital where they work, and their bikes have room for groceries if they need to purchase food on the way home, although they plan to grow some crops on their own. Dennis and Donna are examples of a growing number of people who

A) have developed a health-conscious attitude.

B) want to change their lifestyle to be more in tune to saving energy.

C) dislike urban centers and wish to live in the country.

D) stay away from urban areas due to increased threats of terrorist attacks in those localities.

289) Which of the following statements describes a recurring theme about today's ecological environment?

A) Most people agree that there is strong evidence that the temperature of the planet is going down.

B) Smart businesses know that green business is currently a trend and they should proceed with caution because most green initiatives are more costly than wars and terrorism.

C) There is a strong push by customers for businesses to develop products and services that clearly save energy.

D) Clearly, the greening issue is an American trend that has not captured the attention of the international business community.

290) Bart Broekelman recently returned from Afghanistan where he was a member of the highly skilled special operations forces. He is now back home in the United States where he uses the G.I. Bill in order to go to school. This is one example of

A) how an event such as a war educates young people about conditions abroad.

B) the cost of war.

C) the benefits of war on education.

D) a squeeze on employer benefits.

291) Since the 1800s, the U.S. has evolved

A) straight from an agrarian economy to an information technology economy.

B) from a business to business economy to a business to consumer economy.

C) from an agrarian economy to a manufacturing economy to a service-oriented economy.

D) from a manufacturing economy to a service economy, to a cottage economy, and now we are trending back to an agrarian economy.

292) Businesses that produce and sell tangible products such as steel and machines are part of the

A) manufacturing industry.

B) knowledge-based industry.

C) service industry.

D) production sector.

293) The service industry represents about \_\_\_\_\_\_\_\_ of the value of the U.S. economy.

A) 30%

B) 50%

C) 60%

D) 80%

294) Health care, insurance, recreation, and other intangible products are provided by the

A) information-based sector.

B) service industry.

C) industrial sector.

D) manufacturing industry.

295) Since the beginning of the 1900s, the agricultural sector of the United States has:

A) seen the number of family farms more than double.

B) become less and less competitive in the global economy.

C) produced a consistent output per farm.

D) experienced a significant drop in employment, mainly because of tremendous improvements in efficiency.

296) In recent years, almost all new job creation in the U.S. has occurred in the \_\_\_\_\_\_\_\_ sector.

A) service

B) manufacturing

C) agricultural

D) telecommunications

297) The new era of business is likely to be dominated by the

A) service sector.

B) information-based sector.

C) manufacturing sector.

D) continued decline in productivity.

298) Appliance repair firms, tax consultants, law firms, and insurance companies are all business firms that are part of the \_\_\_\_\_\_ sector.

A) production

B) management

C) neo-industrial

D) service

299) Manufacturing firms in the U.S. have consistently been laying off workers. The best explanation of this trend is that

A) firms have been trying to weaken unions by reducing their reliance on labor.

B) workers in the U.S. have become less productive and are no longer able to compete in the global economy.

C) firms in many industries have become so efficient that they need fewer workers.

D) the economy has been in a prolonged depression that has lasted more than a decade.

300) Which of the following best describes recent job growth in the service sector?

A) The service sector has generated almost all new jobs in the American economy since the mid-1980s, but the rate of job growth in services has slowed in recent years.

B) Jobs in the service sector have increased slowly over the past decade, but most new jobs are created in the manufacturing industries.

C) Employment in the service sector has declined in recent years, and this decline is expected to continue.

D) There has been little change in the number of jobs in the service sector in recent years; however, employment is expected to increase rapidly.

301) According to the box, "Services Expand the Circular Economy,” technology is helping turn products into services by

A) restricting what customers can and cannot buy for personal use.

B) producing items that are designed to reach obsolescence quickly.

C) offering new ways to access items like movies or music and by adding sensors to allow companies to develop new business models.

D) developing more disposable items.

302) Which of the following organizations is an example of the goods-producing sector of the economy?

A) Samsung Electronics

B) Princeton University

C) Bank of America

D) Barnes Hospital

303) Certain industries of the U.S. economy, such as farming and heavy equipment manufacturing, have experienced a significant decline in employment. Which of the following best explains this job loss?

A) The cause is a decline in the productivity of labor in these industries.

B) Workers lost these jobs because technological advances increased productivity.

C) The U.S. economy cannot compete in these industries any longer.

D) Government regulations have eliminated profit opportunities in these industries.

304) Nairi is an information savvy, 20-something who is trying to select between two marketing job offers. She can either join a company that makes candles and other home scents, or she can join a company enhancing the LTE phone service. She is quite impressed that the home scent business is growing as the economy is starting to bounce back. She is also aware of

A) declines in the telecommunications business now that new cell phone service companies are springing up everywhere.

B) a decline in the domestic hardware market due to older Americans losing interest in keeping up their living quarters.

C) an information-based global revolution that might make her career at a telecommunications company more lucrative in the long run.

D) an increase in the price of the actual cell phones must indicate that there is still a great demand for phones.

305) Describe three ways that governments can foster entrepreneurship and encourage the creation of wealth.

306) Describe how businesses can use technology to be more responsive to customers.

307) Competition among businesses has never been greater. Identify and describe two ways that businesses can become more competitive.

308) What is demography? Identify two demographic trends in the United States and discuss how they will impact U.S. businesses.

309) Describe what we mean by greening and thinking green. List five ways that people and businesses are participating in the green movement. List business opportunities that may emerge from this movement.

310) Trace the evolution of American business. Identify the key trends, and discuss the implications these trends have for the future.

**Mini-Case**

Eli Moneybags works for Second Commercial Bank, one of the largest banks in the Southwestern U.S. He is a loan officer, specializing in mortgages. Tio Jaime, Eli's favorite (and wealthiest) uncle, passed away last month and left him a sizable amount of money. Eli is looking at the best way to invest his newly acquired wealth. He is considering many options, ranging from simply putting the money into a savings account to the possibility of starting his own business. Although his bank job pays well and offers pleasant working conditions, Eli is frustrated because he has little freedom or flexibility to deal with customers since every decision he makes must be approved by his supervisor. He is also a bit bored and looking for a new challenge. He thinks he might get a lot of satisfaction from owning his own business. Eli has not made a definite decision yet, but has talked to a lot of people searching for a good idea for a new business. If he can come up with an idea he likes, he might just quit his current job and use his inheritance to go into business for himself!

311) As he starts his research, Eli notices that some opportunities appear to be riskier than others. When considering various opportunities, Eli should keep in mind that

A) he will be better off picking a low-risk business opportunity, since the safest ones are usually the most profitable as well.

B) even though some opportunities appear riskier than others, the level of risk actually varies little from one opportunity to another.

C) high-risk business opportunities often have the potential for high returns as well.

D) government regulations are in place to protect investors and entrepreneurs from failure, so there is no need to worry about risk.

312) Eli's frustration with his lack of freedom at work indicates that Second Commercial

A) prefers the use of cross-functional teams rather than individual initiative.

B) has not adopted a strategy of empowerment.

C) knows that the best way to ensure good customer service is to closely monitor its lower-level employees.

D) is trying to please customers as well as other stakeholders.

313) Two of his friends approached Eli with a proposal to start a language school. Eli is fluent in English and Spanish, and also has an education degree. He is strongly considering the idea but wants to know if there is a growing demand for his services. He learns that an important demographic trend is

A) the service sector is likely to decline in significance in the next few years.

B) the number of young children in the U.S. will decrease significantly over the next few years as the population of the country levels off.

C) the number of immigrants from South and Central America is increasing steadily in his area and across the nation. Professionals in hospitals and schools need to know how to speak Spanish. Immigrants need to know how to speak English.

D) the number of retirees is decreasing, making way for a younger generation.

314) As he explores his options for starting a new business, Eli has looked into the tax implications and government regulations that he would encounter. He wants to maintain an office in a different location from his home. He has discovered that some nearby communities offer tax credits and lower taxes than his town. His decision will be influenced by the \_\_\_\_\_\_\_\_ environment.

A) demographic

B) technological

C) socio-religious

D) economic and legal

315) If Eli starts his own business, his firm's activities and policies will impact many different groups of stakeholders, including employees, customers, creditors, suppliers, and people living in the community where his business is located. Which of the following statements represents how Eli should deal with these various groups? Eli should

A) take the needs of all of these groups into account, and try to satisfy each group as much as possible.

B) concentrate on meeting the needs of his customers, since they are crucial to the success of his business, but ignore the needs of other groups in order to keep costs low.

C) satisfy whichever group complains the loudest, using the "squeaky wheel gets the grease" philosophy.

D) concentrate on maximizing his own profits and let everyone else look out for themselves.