

Package Title: Chapter 1, Testbank
Course Title: Boone, 18e
Chapter Number: 1

Question type: Multiple Choice

1) _____ involves blending individuals of different genders, ethnic backgrounds, cultures, religions, ages, and physical and mental abilities in order to enhance a firm's chances of success.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: b

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

2) _____ refers to technology, tools, information, and physical facilities.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations

l) Business ethics

Answer: f

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

3) _____ is the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of consumers.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: d

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

4) A partnership formed to create a competitive advantage for the businesses involved is known as a(n) _____.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision

- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: e

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

5) A(n) _____ is a name, term, sign, symbol, design, or combination that identifies the products of one firm.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: i

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

6) The ability to perceive future marketplace needs and what an organization can do to satisfy them is referred to as _____.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur

- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: g

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

7) A person who sees a profitable opportunity and then devises a plan to achieve that profit is called a(n) _____.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: c

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

8) _____ is the collection of activities that build and maintain ongoing, mutually beneficial ties between a business and its customers and other parties.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: j

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

9) To operate effectively, certain inputs called _____ are required for all economic systems.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: h

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

10) _____ are businesslike establishments that have primary objectives other than returning profits to their owners.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: k

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

11) _____ refers to the standards of conduct and moral values involving decisions made in the work environment.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: l

Difficulty: Medium

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge

12) A company that contracts with another business to perform functions previously handled by internal staff is participating in _____.

- a) Outsourcing
- b) Diversity
- c) Entrepreneur
- d) Competitive differentiation
- e) Strategic alliance
- f) Capital
- g) Vision
- h) Factors of production
- i) Brand
- j) Relationship management
- k) Not-for-profit organizations
- l) Business ethics

Answer: a

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

Question type: Essay

13) Define profit. Your roommate makes the following statement, “The success of a business is measured only by the profit it earns”? Do you agree? Explain your answer.

Answer:

Solution: Profit is the financial reward received by successful businesspeople who take the risks involved in blending people, technology, and information to create and market want-satisfying goods and services. In order to be successful in a private enterprise system, a business must earn a satisfactory profit; otherwise, the owners and investors will turn to more attractive opportunities. However, businesses today are expected to do more than earn a satisfactory profit—they also have social and ethical responsibilities. In other words, businesses must behave responsibly in their dealings with employees, customers, suppliers, investors, creditors, government, the general public, and even with their competitors.

Difficulty: Hard

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

14) Is technology a capital source? Explain.

Answer:

Solution: Technology is a broad term that refers to such machinery and equipment as computers and software, telecommunications, and inventions designed to improve production. Information, frequently improved by technological innovations, is another critical factor because both managers and operating employees require accurate, timely information for effective performance of their assigned tasks. Technology plays an important role in the success of many businesses. Bill Gates is quoted as saying: "Information technology and business are becoming inextricably interwoven. I don't think anyone can talk meaningfully about one without talking about the other." Sometimes technology results in a new product such as the Google self-driving car, which is able to navigate without human input.

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

15) Explain why competition is important according to Adam Smith?

Answer:

Solution: Adam Smith, the author of the book *The Wealth of Nations*, identified that competition among firms would lead to consumers' receiving the best possible products and prices because less efficient producers would gradually be driven from the marketplace.

Difficulty: Hard

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

16) What are the four basic rights in the private enterprise system? Briefly describe each right.

Answer:

Solution: The right to private property guarantees every participant the right to own, use, buy,

sell, and bequeath most forms of property. The right to profits ensures business owners the right to all profits (after taxes) they earn through their activities. Freedom of choice means that a private enterprise system relies on the potential for citizens to choose their own employment, purchases, and investments. Finally, the private enterprise system permits fair competition by allowing the public to set rules for competitive activity, including laws that prohibit “cutthroat” competition.

Difficulty: Hard

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

17) What did Nordstrom do differently to achieve a considerable increase in its annual sales?

Answer:

Solution: Initially, with a dozen IT professionals, Nordstrom set up a tech lab aimed at coming up with innovative ideas to deal with the changing ways that customers shop. To continue its fanatic approach to creating a great service experience for customers, the IT professionals developed new products, new business models, and new ways of dealing with its many retail competitors. For example, using TextStyle, a messaging app developed by the company, a Nordstrom salesperson can use technology to further cultivate a relationship by texting, chatting, and sharing product images with customers, who must opt in to the service. As part of its strategy to create new and innovative service experiences for customers, the company recently moved some of its IT technologists directly into its business groups. The integration has been effective because there is a broader range of new ideas coming from both the business and technology teams. The result: more immediate customer input to quickly spot gaps in service by involving sales associates in idea generation.

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

18) What are the seven eras of business history? Name and describe the era used by businesses today.

Answer:

Solution: The seven eras are the Colonial period, the Industrial Revolution, the age of industrial entrepreneurs, the production era, the marketing era, the relationship era, and the social era) Today’s era, the social era, can be described as a new approach to the way businesses and individuals interact, connect, communicate, share, and exchange information with each other in virtual communities and networks around the world.

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

19) Describe the business approach used in the relationship era.

Answer:

Solution: In the relationship era, businesses are taking a different, longer-term approach in interacting with and creating authentic customer relationships. Companies now seek ways to actively nurture customer loyalty by carefully managing every interaction. They earn enormous paybacks for their efforts. A company that retains customers over the long haul reduces its advertising and sales costs. Because customer spending tends to accelerate over time, revenues also grow. Companies with long-term customers often can avoid costly reliance on price discounts to attract new business, and they find that many new buyers come from loyal customer referrals. Because it is much less expensive to serve existing customers than to find new ones, businesses that develop long-term customer relationships can reduce their overall costs. Long-term relationships with customers enable businesses to improve their understanding of what customers want and prefer from the company. As a result, businesses enhance their chances of sustaining real advantages through competitive differentiation.

Difficulty: Hard

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

20) Differentiate between transaction management and relationship management.

Answer:

Solution: Transaction management is an approach that focuses on building, promoting, and selling enough products to cover costs and earn profits. In relationship management, businesses seek ways to actively nurture customer loyalty by carefully managing every interaction. It includes activities that build and maintain ongoing, mutually beneficial ties with customers and other parties.

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

21) Briefly describe the Industrial Revolution. What was its contribution to the evolution of business?

Answer:

Solution: The Industrial Revolution began in England around 1750. It moved business operations from an emphasis on independent, skilled workers who specialized in building products one by one to a factory system that mass-produced items by bringing together large numbers of semi-skilled workers. The factories profited from the savings created by large-scale production, bolstered by increasing support from machines over time. As businesses grew, they could often purchase raw materials more cheaply in larger lots than before. Specialization of labor, limiting each worker to a few specific tasks in the production process, also improved production efficiency. Influenced by these events in England, business in the United States began a time of rapid industrialization. Agriculture became mechanized, and factories sprang up in cities. During the mid-1800s, the pace of the revolution was increased as newly built railroad systems provided fast, economical transportation. In California, for example, the combination of railroad construction and the gold rush fueled a tremendous demand for construction.

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

22) Explain strategic alliance with an example.

Answer:

Solution: Strategic alliance is a partnership formed to create a competitive advantage for the businesses involved. In international business, it refers to a business strategy in which a company finds a partner in the country where it wants to do business. Havaianas is a Brazilian-owned manufacturing company known for its bright and colorful flip-flops. The company recently announced a strategic alliance with The Walt Disney Company, which will provide Disney fans the opportunity to purchase flip-flops imprinted with Disney characters and themes. They will be available at Disney resorts, theme parks, and vacation clubs. In addition, Havaianas will be the official sponsor of the *runDisney* marathon events.

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Comprehension

23) Describe how the aging populations in the United States and abroad directly affect changes in the workforce.

Answer:

Solution: Employers must deal with issues such as retirement, disability programs, retraining, and insurance benefits. Additionally, teenagers are entering the workforce sooner, and some seniors are staying longer or seeking new careers after retiring from their primary careers.

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

24) Is a diverse workforce advantageous to businesses? Explain.

Answer:

Solution: Studies show that diverse employee teams and workforces tend to perform tasks more effectively and develop better solutions to business problems than homogeneous employee groups. Also, a diverse workforce may improve management's understanding of customer needs and relationships with consumer groups.

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Diversity

Bloomcode: Comprehension

25) Describe offshoring and its related trends.

Answer:

Solution: Offshoring is the relocation of business processes to lower-cost locations overseas. This can include both production and services. In recent years, China has emerged as a dominant location for production offshoring for many firms, while India has become the key player in offshoring services. Some U.S. companies are now structured so that entire divisions or functions are developed and staffed overseas—the jobs were never in the United States to start with.

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

26) Define outsourcing. Explain the utility of outsourcing in the United States.

Answer:

Solution: Outsourcing involves the use of outside vendors—contracting work out to another party—for the production of goods or fulfillment of services and functions previously performed in house. Manufacturing used to account for most of the U.S.’s annual output, but the balance has now shifted to services such as hospitality, retail, health care, human services, information technology, financial services, and education. This means that product firms, for example, with a higher service component, must rely on well-trained workers who have the knowledge, problem-solving and technical skills, and ability to communicate and deal with people as part of their daily work. Oftentimes, market pressures drive a firm to reduce costs by outsourcing in order to focus its resources on other components of its business.

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

27) What is vision? Explain with an example why it is an important managerial quality.

Answer:

Solution: Vision is the ability to perceive marketplace needs and what an organization must do to satisfy them. Shake Shack’s owner, restaurateur Danny Meyers, is an example of a leader with a definite vision who has reaped significant rewards operating within the private enterprise system. By successfully identifying and serving the needs and demands of customers who think nothing of standing in long lines to experience all-natural menu items and great customer service, Meyer has created somewhat of a cult following for his Shake Shack dining experience. Also coveted for its frozen custard, Shake Shack’s core philosophy is based on the simple mantra of “enlightened hospitality,” which translates to a warmer, friendlier, and more engaging customer service experience for its burger-loving clientele. Known affectionately as the “Shack Team,” employees are expected to embody the “5 tenets of enlightened hospitality”: taking care of each other, our guests, our community, our suppliers, and our stockholders. With its recent IPO, the Shack Team has more than just a few stockholders to consider and has expanded beyond the Big Apple to locations including Miami, Chicago, Atlanta, and Austin.

Difficulty: Easy

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today’s manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

28) Describe critical thinking and creativity. Explain why they are important qualities for today’s manager.

Answer:

Solution: Critical thinking is the ability to analyze and assess information to pinpoint problems or opportunities. The critical-thinking process includes activities such as determining the authenticity, accuracy, and worth of data, information, knowledge, and arguments. It involves looking beneath the surface for deeper meaning and connections that can help identify critical issues and solutions. Although most people think of it in relation to writers, artists, musicians, and inventors, that is a very limited definition. In business, creativity refers to the ability to see better and different ways of doing business. A computer engineer who solves a glitch in a software program is executing a creative act.

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

29) What are some examples of external and internal forces that would require a manager to lead organizational change?

Answer:

Solution: External forces might include feedback from customers, developments in the international marketplace, economic trends, and new technologies. Internal factors might arise from new company goals, emerging employee needs, labor union demands, or production problems.

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

30) Differentiate between business ethics and social responsibility.

Answer:

Solution: Business ethics refers to the standards of conduct and moral values involving right and wrong actions in the work environment. Social responsibility is the set of actions taken by an organization that leads to social and economic benefits to society as a whole, such as supporting charitable organizations and protecting the environment.

Difficulty: Medium

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Comprehension

Question type: Multiple Choice

31) For successful companies, which of the following statements is true?

- a) They often adapt to changes in customer tastes.
- b) They spend less time on technology-related projects.
- c) They refrain from all kinds of competition.
- d) They strive to reduce the standards of living of their respective countries.

Answer: a

Difficulty: Easy

Learning Objective 1: 1.1

Section Reference 1: Define *business*.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

32) Accountants think of profits as:

- a) the overall sales of a company in comparison with its top competitor.
- b) the difference between a firm's revenues and the expenses incurred in generating them.
- c) the value of the products or services sold during a financial year.
- d) the difference between the capital and revenue obtained through selling stocks.

Answer: b

Difficulty: Easy

Learning Objective 1: 1.1

Section Reference 1: Define *business*.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

33) All of these statements are true regarding businesses EXCEPT:

- a) Successful businesses seek to meet their social and ethical responsibilities.
- b) Businesses provide goods and services necessary to an economic system.
- c) Businesses are the economic pulse of a nation.
- d) Businesses are nonprofit organizations that provide services to the public.

Answer: d

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic
Bloomcode: Comprehension

34) Jason is an accountant. When he is looking at clients' books, for him, profits are _____.

- a) the difference between revenues and expenses
- b) the sum of commissions earned and receipts
- c) the difference between sales and expenses
- d) the sum of sales and expenses

Answer: a

Difficulty: Medium
Learning Objective 1: 1.1
Section Reference 1: Define business.
Standard 1: AACSB || Analytic
Bloomcode: Application

35) In the U.S. economy, _____ are considered the reward for the risk of entering a business.

- a) revenues
- b) concessions
- c) profits
- d) sales

Answer: c

Difficulty: Medium
Learning Objective 1: 1.1
Section Reference 1: Define business.
Standard 1: AACSB || Ethics
Bloomcode: Knowledge

36) Which of these are essential because it serves as a primary incentive for people to start companies, expand them, and provide consistently high-quality competitive goods and services?

- a) Coupons
- b) Profits
- c) Discounts
- d) Rebates

Answer: b

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

37) Which of the following is NOT typically a part of the not-for-profit sector?

- a) Labor unions
- b) Religious organizations
- c) Hotels
- d) Museums

Answer: c

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

38) Which of the following is a public sector, not-for-profit organization?

- a) Library
- b) Museum
- c) Charitable group
- d) Labor union

Answer: d

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

39) The Allegany County Library provides a wide variety of library services to its neighborhood. It also provides free online support to its members, and any fee collected from its members goes directly to charity. The library is an example of a(n) _____.

- a) not-for-profit organization
- b) corporate organization
- c) offshore unit

d) business conglomerate

Answer: a

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

BLOOMCODE: APPLICATION

40) Which of the following represent the factors of production in an economic system?

- a) Land, rent, capital, and human resources
- b) Capital, perseverance, natural resources, and human resources
- c) Rent, wages, interest, and profit
- d) Natural resources, human resources, capital, and entrepreneurship

Answer: d

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

41) Timbers Are Us, a Canadian lumber company, utilizes _____ as its primary production factor.

- a) human resources
- b) entrepreneurship
- c) capital
- d) natural resources

Answer: d

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

42) Technology, tools, information, and physical facilities for the operation of a business are examples of _____.

- a) profits
- b) wages
- c) capital
- d) liability

Answer: c

Difficulty: Easy

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

43) A company that values employees as sources of ideas and innovation is utilizing its _____.

- a) entrepreneurship
- b) natural resources
- c) capital
- d) human resources

Answer: d

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Technology

Bloomcode: Comprehension

44) The labor of a firm refers to _____.

- a) household consumers
- b) everyone who works for the business
- c) full-time employees
- d) top management executives

Answer: b

Difficulty: Easy

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

45) ABC Mining Inc. is a small-scale mining company that started its business in 2001. By the year 2018, the firm had to close its operations. The company had been continuously laying off its employees since 2016, which led to the further downsizing of the firm. The decline in the availability of minerals in its operating region since 2014 has contributed vastly to its downfall and also reduced the need to inject new capital since then. Which of the following factors of production has primarily caused the firm to end its operations?

- a) Natural resources
- b) Capital
- c) Human resources
- d) Entrepreneurship

Answer: a

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Application

46) Samantha, a former middle manager from Gaylord Manufacturing, owns and operates a 7-Eleven franchise. Samantha is demonstrating _____.

- a) social responsibility
- b) socialism
- c) entrepreneurship
- d) pure competition

Answer: c

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

47) Which of the following describes a for-profit system established, owned, and operated by individuals?

- a) The private enterprise system
- b) A social democracy
- c) A monopoly
- d) State ownership

Answer: a

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

48) Capitalism is founded on _____.

- a) the social changes that followed the Industrial Revolution
- b) the idea that 80 percent of a nation's wealth should be owned by no more than 20 percent of its people
- c) the principles of a private enterprise system
- d) the idea that government must own all factors of production

Answer: c

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

49) The economist Adam Smith was the first person to describe _____ in his book The Wealth of Nations.

- a) socialism
- b) communism
- c) capitalism
- d) entrepreneurship

Answer: c

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

50) Competition, according to Adam Smith, would lead to consumers receiving the best possible

products and prices because _____.

- a) government interference in economic activity would be maximized
- b) less efficient producers would be driven out of the market
- c) increased supply of raw materials would lead to increased production
- d) natural resources would be utilized more efficiently

Answer: b

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

51) By offering a lifetime warranty on its products, Savvy Security Systems has set itself apart from its competitors. This difference is known as Warner Electronics' _____.

- a) private enterprise system
- b) competitive differentiation
- c) capitalism
- d) checkoff

Answer: b

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

52) When Private Jets, Inc. finds itself losing contracts because Global Aviation, Inc. charges less money, Private Jets responds by lowering its bids. According to Adam Smith, this reaction demonstrates _____.

- a) the invisible hand of competition
- b) collision
- c) the right to private property
- d) social responsibility

Answer: a

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.
Standard 1: AACSB || Analytic
Bloomcode: Application

53) Conchita recently sold her Ford Taurus to a personal friend. Conchita's sale of her automobile illustrates the right to _____.

- a) freedom of choice
- b) private property
- c) profit making
- d) set ground rules for competitive activity

Answer: b

Difficulty: Medium
Learning Objective 1: 1.3
Section Reference 1: Describe the private enterprise system.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

54) All of the following are basic rights within a private enterprise system EXCEPT _____.

- a) right to private property
- b) right to profits before tax deduction
- c) freedom of choice of investment
- d) freedom of choice of employment

Answer: b

Difficulty: Medium
Learning Objective 1: 1.3
Section Reference 1: Describe the private enterprise system.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

55) Which of the following describes the right to profit?

- a) Owner is legally guaranteed the right to all profits (after taxes) that are earned by a business
- b) Right to such profits without any form of deduction
- c) Government will guarantee a profit
- d) Firm has to earn only profits

Answer: a

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

56) Which of the following is considered to be the most fundamental right of the private enterprise system?

- a) The right to private property
- b) The right to guaranteed profits
- c) The right to exercise price discrimination
- d) The right to fair competition

Answer: a

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

57) Which of the following allows for a private enterprise system to rely on the potential for citizens to choose their own employment, purchases, and investments?

- a) Right to private property
- b) Right to profits
- c) Freedom of competition
- d) Freedom of choice

Answer: d

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

58) All of the following are rights granted to citizens and to the government in a private enterprise system EXCEPT the right to _____.

- a) fair competition
- b) permit price discrimination

- c) select from among a variety of goods and services
- d) own property

Answer: b

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

59) _____ is a benefit of entrepreneurship.

- a) Low risk
- b) Flexibility
- c) Guaranteed profit
- d) Reduced competition

Answer: b

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

60) Dakarai is a new recruit at an IT firm. He feels that his compensation is below industry standards, and his colleagues at other firms urge him to switch his employment with a company that pays a better salary. Instead of changing his job, he forms a trade union to ensure fair wages in the firm. Which of the following rights has Dakarai exercised?

- a) Right to private property
- b) Right to competition
- c) Right to profits
- d) Right to freedom of choice

Answer: d

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Application

61) The economic focus, in colonial society, was centered on _____.

- a) metropolitan areas
- b) areas west of the Mississippi River
- c) rural areas
- d) cities

Answer: c

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

62) The Industrial Revolution in England transformed America's economy by introducing _____.

- a) the concept of each worker producing one complete product
- b) the concept labor unions
- c) the factory system
- d) the continuously moving assembly line

Answer: c

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

63) Customers are central to Seung's business. His fundamental principle is to understand consumer needs and satisfy them in terms of range, quality, and specifications of products. Seung is most likely to have started his business in the _____ era.

- a) social
- b) production
- c) relationship
- d) marketing

Answer: d

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

64) The American Industrial Revolution did not make real progress until _____.

- a) a railroad system was built, providing fast, economical transportation
- b) a good relationship was formed with England
- c) an introduction of the automobile occurred
- d) a reliable system of telephonic communication was established

Answer: a

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

65) Inventors such as Robert McCormick and Eli Whitney were part of the _____.

- a) marketing era
- b) colonial era
- c) pre-colonial age
- d) age of industrial entrepreneurs

Answer: d

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

66) Henry Ford is noted in business history for introducing the moving assembly line, which greatly reduced the cost of producing a car. Assembly lines first became common during the _____.

- a) relationship era
- b) marketing era
- c) era of industrial revolution
- d) production era

Answer: d

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

67) Which of the following BEST distinguishes the philosophy of the marketing era from the philosophy of the production era?

- a) The marketing era was more consumer oriented.
- b) The production era occurred after World War II.
- c) The marketing era advocated price discrimination.
- d) The production era was more consumer oriented.

Answer: a

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Reflective Thinking

Bloomcode: Comprehension

68) The business philosophy that advocates determining what consumers want and need, and then designing products to satisfy those needs, is known as _____.

- a) consumer orientation
- b) self-sufficiency
- c) work ethics
- d) production enhancement

Answer: a

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

69) During the _____, the concept of branding first emerged.

- a) production era
- b) relationship era
- c) age of the industrial entrepreneur
- d) marketing era

Answer: d

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

70) Blogs and social networking use _____ to manage relationships.

- a) strategic alliances
- b) marketing research analyses
- c) technology
- d) business etiquette

Answer: c

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

71) Colonial society emphasized:

- a) customer relationship.
- b) product distribution.
- c) factory production.
- d) agricultural production.

Answer: d

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

72) Which of the following refers to concentrating on building and promoting products in hopes that enough customers will buy them in order to cover costs and earn acceptable profits?

- a) Relationship management
- b) Marketing management
- c) Decoy effect
- d) Transaction management

Answer: d

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

73) Which of these refers to the collection of activities that build and maintain ongoing, mutually beneficial ties with customers and other parties?

- a) Relationship management
- b) Transaction management
- c) Financial management
- d) Marketing management

Answer: a

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

74) Which of the following best describes a partnership?

- a) A category of relationship management
- b) An affiliation of two or more companies
- c) Outside the scope of e-business management
- d) Helpful in eliminating competitive advantage

Answer: b

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic
Bloomcode: Knowledge

75) Apple Series 4 watches sold on Amazon's Web site signify the formation of a _____ to increase profits.

- a) transaction alliance
- b) brand partnership
- c) strategic alliance
- d) marketing agreement

Answer: c

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

76) Fabian uses a weblog to sell his products. His blog has generated massive sales for his products. His capital expenditure was the lowest in comparison to most of the other online firms. Which of the following eras is he most likely to be originating from?

- a) Production era
- b) Social era
- c) Industrial era
- d) Marketing era

Answer: b

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Application

77) Which of the following is necessary in the current business workforce trend?

- a) Awareness that businesses are moving toward traditional management practices
- b) Increased reliance on employees' intellectual capabilities
- c) Increased reliance on natural resources and physical inputs
- d) Transition from focus on production to creating a brand

Answer: b

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

78) Which of the following is a management challenge associated with broad age diversity?

- a) The uniformity in expectations of work
- b) The need to accommodate a variety of work lifestyles
- c) The decreasing need for advanced skills
- d) The increasing reliance on older individuals

Answer: b

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

79) Diverse employee teams tend to perform _____ and develop _____ than do homogeneous employee groups.

- a) less effectively; better solutions
- b) more effectively; better solutions
- c) less effectively; worse solutions
- d) more effectively; worse solutions

Answer: b

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Diversity

Bloomcode: Comprehension

80) Which of the following is a trend in the current business workforce?

- a) Teenagers are staying longer in their jobs.
- b) Seniors are rarely applying for part-time jobs.

- c) Seniors are retiring from the workforce sooner.
- d) Teenagers are entering the workforce sooner.

Answer: d

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

81) When a business employs an outside company to handle all customer correspondence and phone calls, the business is _____ its customer service department.

- a) outsourcing
- b) branding
- c) cybersquatting
- d) shrinking

Answer: a

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

82) When Microsoft opened offices in Tokyo, London, and Sydney, it was utilizing _____ by relocating business activities to lower-cost locations overseas.

- a) nearshoring
- b) cybersquatting
- c) offshoring
- d) employee sourcing

Answer: c

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

83) Which of the following generations tend to care less about money and the work-comes-first lifestyle?

- a) Baby Boomers
- b) Generation X
- c) Generation Y
- d) Millennials

Answer: d

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

84) What do managers of global workforces need to do to retain valued employees?

- a) Build and earn trust
- b) Share financial information with employees
- c) Lay off tenured employees
- d) Follow traditional management practices

Answer: a

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

85) When a U.S. company contracts work to a company in Mexico, it is _____.

- a) nearshoring
- b) nearsourcing
- c) exporting
- d) offshoring

Answer: a

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Communication

Bloomcode: Comprehension

86) Delco Corp. a multinational corporation located in Chicago is planning to relocate its operations in India. The firm has identified that the labor cost and technology available in India would ensure optimum performance of its business operations. Which of the following strategies has Delco Corp. adopted?

- a) Exporting
- b) Offshoring
- c) Nearshoring
- d) Licensing

Answer: b

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Application

87) Crowdsourcing allows companies to find:

- a) workers for a specific task.
- b) potential candidates through a physical job fair.
- c) appropriate candidates within the company.
- d) candidates specifically for the managerial roles.

Answer: a

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

88) Which is the ability to perceive marketplace needs and what an organization must do to satisfy these needs?

- a) Critical thinking
- b) Social responsibility
- c) Vision
- d) Creativity

Answer: c

Difficulty: Easy

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

89) Ramona works for ABC Pharmaceutical Company and gives a presentation on the need to expand the company's geriatric division within the next 10 years. Ramona is focusing primarily on establishing the company's _____.

- a) morales
- b) ethics
- c) vision
- d) codes

Answer: c

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Reflective Thinking

Bloomcode: Comprehension

90) In business, _____ refers to the ability to see better and different ways of doing business.

- a) critical thinking
- b) social responsibility
- c) creativity
- d) vision

Answer: c

Difficulty: Easy

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

91) Tevasoft, a content management company, introduces a new software tool for quality analysis. This product has been programmed and introduced after several rounds of meticulous analysis that included researching, brainstorming sessions, arguments, and several rounds of testing

for the product's accuracy and authenticity. In this scenario, which of the following has Tevasoft demonstrated?

- a) Critical thinking
- b) Competitive differentiation
- c) Sociability
- d) Creativity

Answer: a

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Application

92) When 3M managers decided to manufacture Post-it[®] notes, a new product was born. This was an example of _____ in action.

- a) critical-thinking skills
- b) vision
- c) social responsibility
- d) creativity

Answer: d

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

93) Himesh is seeking to revitalize his graphic design company with new innovations and has called for a brainstorming meeting with his top designers. Himesh is _____.

- a) enacting his company's vision
- b) improving his productivity
- c) thinking critically
- d) utilizing his creativity

Answer: d

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.
Standard 1: AACSB || Analytic
Bloomcode: Application

- 94) Feedback from customers is an example of a(n) _____ that requires organizational change.
- a) internal force
 - b) external force
 - c) change agent
 - d) marketing issue

Answer: b

Difficulty: Medium
Learning Objective 1: 1.6
Section Reference 1: Identify the skills and attributes needed for today's manager.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

- 95) Which of the following is **NOT** an example of an internal force that requires organizational change?
- a) Labor union demands
 - b) Production problems
 - c) New technologies
 - d) New company goals

Answer: c

Difficulty: Medium
Learning Objective 1: 1.6
Section Reference 1: Identify the skills and attributes needed for today's manager.
Standard 1: AACSB || Analytic
Bloomcode: Comprehension

- 96) Which of these refers to standards of conduct and moral values of a firm?
- a) Creativity
 - b) Business ethics
 - c) A social audit
 - d) A social responsibility

Answer: b

Difficulty: Easy

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge

97) “Newman’s Own” is a food product line that gives 100 percent of its after-tax profits to charity. This company is ____.

- a) evaluating its business ethics
- b) enacting upon its social responsibility
- c) creating customer satisfaction
- d) using creativity to promote sales

Answer: b

Difficulty: Medium

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Comprehension

98) When management adheres to a set of standards involving the right and wrong actions arising in the work environment, the management is ____.

- a) enacting upon its social responsibility
- b) following its business ethics
- c) working towards social welfare
- d) using creativity to encourage team spirit

Answer: b

Difficulty: Easy

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge

99) When ABC Tool’s management decided to preserve the local environment by planting 1,000 trees every year, the company is ____.

- a) using creativity to ensure sustained growth

- b) following its business ethics
- c) working towards social welfare
- d) enacting upon its social responsibility

Answer: d

Difficulty: Easy

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Analytic

Bloomcode: Application

100) Social responsibility would include all of the following EXCEPT _____.

- a) supporting the local United Way
- b) buying goods and services from minority-owned vendors
- c) making campaign contributions to politicians in the hope of obtaining a government contract
- d) making contributions to the local public radio station

Answer: c

Difficulty: Medium

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Comprehension

101) Stewart is a small business owner who runs a local coffee shop and a bakery. For Stewart, _____ represents an earned reward for taking the risks of running the business.

- a) government intervention
- b) concessions
- c) profits
- d) long hours

Answer: c

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Bloomcode: Application

102) A tax law provision granted to not-for-profits by the Internal Revenue Service is called

- _____.
- a) strategic alliance
 - b) concession
 - c) consumer orientation
 - d) section 501(c)(3)

Answer: c

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

103) Which of the following represent corresponding factor payments for labor and capital?

- a) Land and rent
- b) Perseverance and natural resources
- c) Wages and interest
- d) Natural resources and entrepreneurship

Answer: c

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

104) _____ represents a natural force that guides free market capitalism.

- a) Socialism
- b) Communism
- c) Competition
- d) Government

Answer: c

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

105) Which of these describes the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of customers?

- a) Private enterprise system
- b) Competitive differentiation
- c) Capitalism
- d) Strategic alliance

Answer: b

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Comprehension

106) The main characteristic of _____ era was benefits derived from deep, ongoing links with individual customers, employees, suppliers, and other businesses.

- a) marketing
- b) social
- c) relationship
- d) age of industrial entrepreneurs

Answer: c

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

107) The main characteristic of _____ era is the new ways for businesses and consumers to communicate and share information.

- a) marketing
- b) social
- c) relationship
- d) age of industrial entrepreneurs

Answer: b

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

108) The main characteristic of _____ era was mass production by semiskilled workers, aided by machines.

- a) industrial revolution
- b) social
- c) relationship
- d) age of industrial entrepreneurs

Answer: a

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

Question type: True/False

109) Companies need to be ethical to succeed in the long run.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge

110) In order to remain viable, not-for-profit organizations need to focus on profits even more than the public service they provide.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.1

Section Reference 1: Define business.

Standard 1: AACSB || Ethics
Bloomcode: Knowledge

111) Just as with a for-profit business, the first priority for a not-for-profit organization is making a profit.

Answer: False

Difficulty: Medium
Learning Objective 1: 1.1
Section Reference 1: Define business.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

112) Given that not-for-profit organizations still focus on and make profits, they are commonly required to pay federal, state, and local taxes.

Answer: False

Difficulty: Medium
Learning Objective 1: 1.1
Section Reference 1: Define business.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

113) Labor encompasses both the physical labor and the intellectual inputs contributed by workers.

Answer: True

Difficulty: Medium
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

114) Capital usually includes entrepreneurs and human resources.

Answer: False

Difficulty: Easy
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic
Bloomcode: Knowledge

115) Land is linked to the factor payment of rent.

Answer: True

Difficulty: Easy
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

116) Technology is considered to be a form of capital.

Answer: True

Difficulty: Easy
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.
Standard 1: AACSB || Technology
Bloomcode: Knowledge

117) Technology and capital are considered as two separate factors of production.

Answer: False

Difficulty: Medium
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.
Standard 1: AACSB || Technology
Bloomcode: Knowledge

118) When farmers rent land in order to increase crop production, they are acquiring capital.

Answer: False

Difficulty: Medium
Learning Objective 1: 1.2
Section Reference 1: Identify and describe the factors of production.
Standard 1: AACSB || Analytic
Bloomcode: Knowledge

119) “Risk-taking” and entrepreneurship are synonymous.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.2

Section Reference 1: Identify and describe the factors of production.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

120) Government intervention is critically important and encouraged in the private enterprise system.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

121) The private enterprise system is enhanced by maximized government participation.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

122) Capitalism is another name for the private enterprise system.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

123) In the private enterprise system, the right to private property is considered the most basic right.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

124) When customers enter a supermarket and select their favorite brand of laundry detergent, they are exercising their right to freedom of choice.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

125) In the private enterprise system, government has no role to play in ensuring fair competition.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

126) For a business to be successful, competitive differentiation is highly discouraged.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

127) A common characteristic of most entrepreneurs is finding unique ways to use the factors of production.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.3

Section Reference 1: Describe the private enterprise system.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

128) During the era of Industrial Revolution, the focus was on agriculture and other rural activities.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

129) The Industrial Revolution began in Germany and quickly spread to the rest of Europe.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

130) The Industrial Revolution introduced a strong emphasis on the factory system.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

131) One factor that led to the Industrial Revolution was the development of social era.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

132) A key element of the age of industrial entrepreneurs was the use of consumer research.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

133) Assembly lines were introduced during the production era.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

134) In consumer orientation, a company creates a product first and then determines if a consumer is likely to purchase the product.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

135) The Nike swoosh is an example of a brand.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

136) Transaction management best describes the current philosophy among managers today.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

137) Transaction management was introduced during the era of Industrial Revolution.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

138) The social era is based on the premise that organizations create value through connections with groups or networks of people with similar goals and interests.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

139) Relationship management refers to ongoing, mutually beneficial ties between an organization and its customers.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Technology

Bloomcode: Knowledge

140) Relationship management concentrates on short-term interactions with customers.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

141) If Motorola and Microsoft work on developing a new cell phone that also is a PDA, then such a merger would be an example of a strategic alliance.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

142) The need to develop environmentally friendly products and processes is becoming a major new force in business today.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

143) A strategic alliance is a partnership formed to create a competitive advantage for the busi-

nesses involved.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.4

Section Reference 1: Identify the seven eras in the history of business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

144) During the next few years, the average age of the workforce is expected to decrease.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

145) The supply for jobs is slowly becoming greater than the demand for workers.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

146) According to research, work teams consisting of a diverse group of individuals often are less productive than less diverse work teams.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Diversity

Bloomcode: Knowledge

147) Even with advances in management and communications, manufacturing still accounts for

most of the annual output in the United States.

Answer: False

Difficulty: Easy

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

148) Outsourcing is the use of outside vendors to produce goods or fulfill services and functions that were previously handled in-house or in-country.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

149) Millennials, the largest demographic group in today's workforce, tend to care less about money and the work-comes-first lifestyle.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.5

Section Reference 1: Explain current workforce trends in business.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

150) The managerial quality of vision is the ability to perceive marketplace needs and what an organization must do to satisfy them.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

151) For today's managers, critical thinking skills and creativity are essential qualities.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

152) In business, creativity refers to the ability to see better and different ways of doing business.

Answer: True

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

153) Creativity is the capacity to develop well-tested solutions to common organizational problems.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

154) Physical exercise releases endorphins, which prevents a manager from coming up with creative ideas.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

155) Mental exercises like brainstorming often foster creativity.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

156) Feedback from customers is an example of an internal force that would require change.

Answer: False

Difficulty: Medium

Learning Objective 1: 1.6

Section Reference 1: Identify the skills and attributes needed for today's manager.

Standard 1: AACSB || Analytic

Bloomcode: Knowledge

157) Business ethics deal with the right versus wrong actions that arise in a work environment.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge

158) Participating in nonprofit programs is an example of exhibiting social responsibility.

Answer: True

Difficulty: Easy

Learning Objective 1: 1.7

Section Reference 1: Outline the characteristics that make a company admired.

Standard 1: AACSB || Ethics

Bloomcode: Knowledge