SOLUTIONS

CHAPTER 1

Vocabulary

1. a.natural resources 11. business

b. human resources 12. outsourcing

c. capital 13. technology

d. entrepreneurship 14. brand

2. a. private property

15. vision

b. profit 16. nearshoring

c. freedom of choice 17. consumer orientation

d. fair competition 18. offshoring

3. capitalism 19. factors of production

4. branding 20. entrepreneurs

5. brand 21. diversity

6. relationship era 22. critical thinking

7. competitive differentiation 23. relationship management

8. strategic alliances 24. transaction management

9. private enterprise system 25. creativity

10. partnership 26. not-for-profit-organizations

Analysis of Learning Objectives

**LO 1.1:** 1. T, 2. T, 3. F, 4. F**.**

**LO 1.2:** 1. a, 2. a, 3. b, 4. d.

**LO 1.3:** 1. F, 2. T, 3. T, 4. F., 5. T, 6. F. 7. T

**LO 1.4:** 1. F, 2. F, 3. F, 4. T, 5. T, 6. T, 7. c, 8. d, 9. a

**LO 1.5:** 1. T, 2. F, 3.F, 4. T, 5. F

**LO 1.6:**

Creativity is the capacity to develop novel solutions to perceived organizational problems. 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. There are several practice and mental exercises that help to cultivate creativity. For example, people can work on getting themselves to think with a different mindset by considering failures or encounters with new people as learning experiences. People can keep a pen and notepad with them at all times and record their dreams and daydreams, which might produce effective ideas or solutions to preexisting problems. Also, regular physical exercise helps the body release endorphins, which spark energy and creative thinking.

**LO 1.7:** 1. d, 2. c, 3. d, 4. a, 5. a

Self Review

***True or False:*** 1. T, 2. F, 3. T, 4. F, 5. T, 6. T, 7. F, 8. T, 9. T, 10. F, 11.T,12. F

***Multiple Choice:*** 1. c, 2. d, 3. b, 4. a, 5. b, 6. d, 7. d, 8. c, 9. a, 10. c

Application Exercises

1. Natural Resources: The book and snack shop owner might run on power from a windmill, or some of the furniture could be manufactured locally using local timber.

2. Capital: The book and snack shop would use technology through computers for the cash register and other purposes, such as networking with customers or potential business partners through social media sites.

3. Human resources: The book and snack shop would have an owner would helped train staff members and keep the books and accounting records, a handful of employees serving as cashiers, and possibly one baker/cook.

4. Entrepreneurship: The owner of the book and snack shop would have to be willing to take risks since he or she would be opening a small business during economic hardships. The owner would also need to be creative and follow a vision so that the book and snack shop would have a competitive edge that would make customers visit that particular shop over others that offered the same goods and services.

5.

Short Essay Questions

1. Managers of the 21st century should be not only intelligent, but also highly motivated and driven. They should also have a vision, which entails knowing today’s market so that they know how they can design a business that will succeed and have a competitive edge. Critical thinking is also important for managers. The ability to think critically means that managers can are capable of re-assessing situations when they become problematic in order to be flexible. If there is a problem with their business, a manager will be able to stay collected and brainstorm solutions. Creativity is also important. Managers who are creative will be able to create businesses that have a special niche in today’s market that helps draw customers over competing businesses. Similar to critical thinking, creativity also allows managers to brainstorm solutions to problems, and think of failures as opportunities for implementing new ideas.

2. In the 1990s business moved from transaction management to relationship management. Relationship management makes use of information technology, partnerships, and strategic alliances to build and sustain long-term relationships with customers, suppliers, and other outside groups. Relationship management also depends increasingly on a talented, diverse workforce to serve and understand the multicultural global market. Contributions and creativity of workers is crucial, so new employee-employer partnerships have arisen to develop and retain better relationships with customers and other outside groups. Finally, management must engage in ethical business practices and consider social responsibilities to the wider society to assure the firm’s long-term success.