

***Business in Action, 7e (Bovee/Thill)***

**Chapter 1 Developing a Business Mindset**

1) Business is any profit-seeking organization that provides goods and services designed to satisfy customers' needs.

Answer: TRUE

Explanation: In a general sense business can be defined as any profit-seeking organization that provides goods and services designed to satisfy customers' needs.

Diff: 1

Chapter LO: 1

Classification: Concept

2) Profit refers to the money the company brings in through the sale of goods and services.

Answer: FALSE

Explanation: Profit is the amount of money left over after expenses—all the costs involved in doing business—have been deducted from revenue.

Diff: 1

Chapter LO: 1

Classification: Concept

3) Businesses add value by transforming lower-value inputs (like paper and ink) into higher-value outputs (like textbooks).

Answer: TRUE

Explanation: Businesses add value by transforming lower-value inputs to higher-value outputs. In other words, they make goods and services more attractive from the buyer's perspective.

Diff: 1

Chapter LO: 1

Classification: Concept

4) In a free-market economy, companies generally have limited autonomy in deciding which customers they want to focus on and how they want to compete.

Answer: FALSE

Explanation: In a free-market economy, companies generally have considerable freedom in deciding which customers they want to focus on and how they want to compete.

Diff: 1

AACSB: Application of knowledge

Chapter LO: 1

Course LO: Compare and contrast different economic systems

Classification: Concept

5) A company has competitive advantage when its products are more appealing to its chosen customers.

Answer: TRUE

Explanation: Competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

Diff: 1

Chapter LO: 1

Classification: Concept

6) Assets refer to the tangible economic resources owned by a firm.

Answer: FALSE

Explanation: Assets refer to anything of meaningful value, from patents and brand names to real estate and company stock.

Diff: 2

Chapter LO: 1

Classification: Concept

7) In the USA, the service sector now accounts for roughly 45 percent of the nation's economic output and 50 percent of all jobs in the country.

Answer: FALSE

Explanation: The service sector now accounts for roughly 70 percent of the nation's economic output and 80 percent of all jobs in the country.

Diff: 2

AACSB: Application of knowledge

Chapter LO: 1

Classification: Application

8) A firm uses strategic sourcing techniques to reduce its costs. This is an example of barrier to entry.

Answer: FALSE

Explanation: Barrier to entry refers to any resource or capability a company must have before it can start competing in a given market.

Diff: 2

AACSB: Ethical understanding and reasoning

Chapter LO: 1

Classification: Application

9) Difficulty in obtaining business permits or licenses to do a particular business would be an example of a barrier to entry for a firm.

Answer: TRUE

Explanation: Barrier to entry refers to any resource or capability a company must have before it can start competing in a given market.

Diff: 1

Chapter LO: 1

Classification: Concept

10) Intangible products have a physical presence.

Answer: FALSE

Explanation: Intangible products create value by performing activities that deliver some benefit to the customer. They do not have physical presence.

Diff: 1

Chapter LO: 1

Classification: Concept

11) The service sector now dominates the U.S. economy.

Answer: TRUE

Explanation: Over the past few decades, the U.S. economy has undergone a profound transformation from being dominated by manufacturing to being dominated by services.

Diff: 1

Chapter LO: 1

Classification: Concept

12) A business mindset is a view of business that considers the various decisions a business has to make as well as the challenges that it must overcome in order to be successful.

Answer: TRUE

Explanation: A business mindset is a view of business that considers the various decisions a business has to make as well as the challenges that it must overcome in order to be successful.

Diff: 1

Chapter LO: 2

Classification: Concept

13) Businesses can have both positive and negative effects on society.

Answer: TRUE

Explanation: The relationship between business and society is complex and far-reaching. Businesses can have both positive and negative effects on society.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 2

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

14) Forces resulting from the practical application of science to a company's products and processes would best describe its social environment.

Answer: FALSE

Explanation: Every business operates within the broad social environment. Social environment refers to the trends and forces in society at large.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 3

Classification: Concept

15) A firm sets up a paper-manufacturing factory in a country which has very strict regulations regarding disposal of industrial waste. This increases the cost of production of the firm. This is an example of the social environment of the firm.

Answer: FALSE

Explanation: Every business operates within the broad social environment. Social environment refers to the trends and forces in society at large.

Diff: 2

AACSB: Ethical understanding and reasoning

Chapter LO: 3

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Application

16) The term stakeholders refers only to those people who have invested money in the company's stock.

Answer: FALSE

Explanation: All internal and external groups affected by a company's decisions and activities are referred to as its stakeholders.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 3

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

17) R&D fuels new ideas and designs for the company's products and services that allow it to meet customer needs in competitive markets.

Answer: TRUE

Explanation: R&D fuels new ideas and designs for the company's products and services that allow it to meet customer needs in competitive markets.

Diff: 1

Chapter LO: 4

Classification: Concept

18) Mark, who works for a toy-manufacturing firm, is responsible for creating a branding and marketing strategy. He is most likely to be a part of the firm's operations management team.

Answer: FALSE

Explanation: A person responsible for a company's branding and marketing strategy will be part of strategic management rather than operations management.

Diff: 2

AACSB: Interpersonal relations and teamwork

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Application

19) In general, accounting managers are responsible for planning, while financial managers are responsible for monitoring and reporting.

Answer: FALSE

Explanation: In general, financial managers are responsible for planning, while accounting managers are responsible for monitoring and reporting.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 4

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

20) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

Answer: TRUE

Explanation: Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 4

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

21) Claire holds the position of chief information officer (CIO) position at Celera Inc., a real estate company. Her position indicates that she is responsible for the preparation of income statements and balance sheets.

Answer: FALSE

Explanation: Accountants and controllers are responsible for the preparation of income statements, balance sheets, and other financial reports.

Diff: 2

AACSB: Analytical thinking

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Application

22) Internal auditors verify the work of the company's accounting effort and look for opportunities to improve efficiency and cost effectiveness.

Answer: TRUE

Explanation: Internal auditors verify the work of the company's accounting effort and look for opportunities to improve efficiency and cost effectiveness.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

23) Unlike accounting tasks, for which there is a long tradition of outsourcing, the work of financial managers is generally kept "in house," particularly in midsize and large companies.

Answer: TRUE

Explanation: Unlike accounting tasks, for which there is a long tradition of outsourcing, the work of financial managers is generally kept "in house," particularly in midsize and large companies.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

24) Dependability includes meeting your commitments, such as staying on schedule and within budgets.

Answer: TRUE

Explanation: Being dependable includes developing a reputation as somebody people can count on. This means meeting your commitments, including staying on schedule and staying within budgets.

Diff: 1

Chapter LO: 6

Classification: Concept

25) Etiquette is the quality of performing your job to the best of your ability and conducting yourself with purpose and pride.

Answer: FALSE

Explanation: Etiquette refers to the expected norms of behavior in any particular situation.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Concept

26) True professionals avoid committing ethical lapses.

Answer: TRUE

Explanation: True professionals conduct themselves with a clear sense of right and wrong. They avoid committing ethical lapses, and they carefully weigh all the options when confronted with ethical dilemmas.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 6

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

27) \_\_\_\_\_ is money that an organization brings in through the sale of its goods and services.

- A) Profit
- B) Revenue
- C) Sales
- D) Capital investment
- E) Finance

Answer: B

Explanation: A) Revenue is the money a company brings in through the sale of goods and services.

B) Revenue is the money a company brings in through the sale of goods and services.

C) Revenue is the money a company brings in through the sale of goods and services.

D) Revenue is the money a company brings in through the sale of goods and services.

E) Revenue is the money a company brings in through the sale of goods and services.

Diff: 1

Chapter LO: 1

Classification: Concept

28) The risk and reward relationship is \_\_\_\_\_.

- A) unimportant to capital-intensive businesses
- B) of little interest to service-intensive businesses
- C) essential to the counter-cyclical business model
- D) fundamental to businesses in every modern economy
- E) an outdated concept that's been replaced by corporate sustainability

Answer: D

Explanation: A) The relationship between risk and reward is fundamental to every modern economy. A company needs to see some promise of reward before it will decide to accept the risks involved in creating and selling products.

B) The relationship between risk and reward is fundamental to every modern economy. A company needs to see some promise of reward before it will decide to accept the risks involved in creating and selling products.

C) The relationship between risk and reward is fundamental to every modern economy. A company needs to see some promise of reward before it will decide to accept the risks involved in creating and selling products.

D) The relationship between risk and reward is fundamental to every modern economy. A company needs to see some promise of reward before it will decide to accept the risks involved in creating and selling products.

E) The relationship between risk and reward is fundamental to every modern economy. A company needs to see some promise of reward before it will decide to accept the risks involved in creating and selling products.

Diff: 2

AACSB: Ethical understanding and reasoning

Chapter LO: 1

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

29) A/an \_\_\_\_\_ is a framework of how a business intends to generate revenue.

- A) business model
- B) strategic management tool
- C) profitability analysis
- D) competitive advantage
- E) entrepreneurial mindset

Answer: A

Explanation: A) A company's business model is a clear, simple outline of how the business intends to generate revenue.

B) A company's business model is a clear, simple outline of how the business intends to generate revenue.

C) A company's business model is a clear, simple outline of how the business intends to generate revenue.

D) A company's business model is a clear, simple outline of how the business intends to generate revenue.

E) A company's business model is a clear, simple outline of how the business intends to generate revenue.

Diff: 1

AACSB: Analytical thinking

Chapter LO: 1

Classification: Concept

30) \_\_\_\_\_ is the term used to describe the difference between revenue and expenses.

- A) Revenue
- B) Interest
- C) Sales
- D) Owner's equity
- E) Profit

Answer: E

Explanation: A) Profit is the amount of money left over after all the costs involved in doing business, have been deducted from revenue.

B) Profit is the amount of money left over after all the costs involved in doing business, have been deducted from revenue.

C) Profit is the amount of money left over after all the costs involved in doing business, have been deducted from revenue.

D) Profit is the amount of money left over after all the costs involved in doing business, have been deducted from revenue.

E) Profit is the amount of money left over after all the costs involved in doing business, have been deducted from revenue.

Diff: 1

AACSB: Application of knowledge

Chapter LO: 1

Classification: Concept

31) \_\_\_\_\_ refers to some aspect of a product or company that makes it more appealing to target customers.

- A) Competitive advantage
- B) Economies of scale benefit
- C) Horizontal integration
- D) Vertical integration
- E) Barrier to entry advantage

Answer: A

Explanation: A) Competitive advantage refers to some aspect of a product or company that makes it more appealing to target customers.

B) Competitive advantage refers to some aspect of a product or company that makes it more appealing to target customers.

C) Competitive advantage refers to some aspect of a product or company that makes it more appealing to target customers.

D) Competitive advantage refers to some aspect of a product or company that makes it more appealing to target customers.

E) Competitive advantage refers to some aspect of a product or company that makes it more appealing to target customers.

Diff: 1

Chapter LO: 1

Course LO: Describe the major components of effective promotion

Classification: Concept

32) Just Bakes, a bakery outlet in Cincinnati, is famous for the uniqueness of its bakery items, such as the baguette supreme, made from mixed-flour dough. The outlet also has an online ordering system that offers original gift baskets. Most of its target customers find it to be more appealing. In this example, Just Bakes has a(n) \_\_\_\_\_.

- A) economies of scale benefit
- B) barrier to entry advantage
- C) horizontal integration
- D) competitive advantage
- E) vertical integration

Answer: D

Explanation: A) A competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

B) A competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

C) A competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

D) A competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

E) A competitive advantage makes a company's products or the company as a whole more appealing to its chosen customers.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 1

Classification: Application

33) An organization that seeks to operate efficiently and effectively to achieve its goals without focusing on financial gains is a \_\_\_\_\_.

- A) business intermediary
- B) nonprofit organization
- C) service business
- D) government-owned corporation
- E) goods-producing business

Answer: B

Explanation: A) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

B) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

C) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

D) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

E) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

Diff: 1

AACSB: Application of knowledge

Chapter LO: 1

Course LO: Explain how economic performance is monitored

Classification: Concept

34) Chicago Cinema Museum houses a unique collection of artifacts, memorabilia, and equipment that preserves the history and grandeur of cinema. It is funded by the government of the United States. The museum administrators apply many of the business-management principles to operate efficiently and effectively. The museum is most likely to be a \_\_\_\_\_.

- A) business intermediary
- B) nonprofit organization
- C) service business
- D) government-owned corporation
- E) goods-producing business

Answer: B

Explanation: A) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

B) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

C) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

D) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

E) Not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive.

Diff: 2

AACSB: Application of knowledge

Chapter LO: 1

Course LO: Explain how economic performance is monitored

Classification: Application

35) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior. This situation is known as a(n) \_\_\_\_\_.

- A) ethical dilemma
- B) professionalism
- C) barrier to entry
- D) technological environment
- E) moral hazard

Answer: E

Explanation: A) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior—a situation known as moral hazard.

B) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior—a situation known as moral hazard.

C) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior—a situation known as moral hazard.

D) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior—a situation known as moral hazard.

E) If individuals and companies believe they can pursue rewards without facing the risks that should be attached to those pursuits, they are more likely to engage in irresponsible and even unethical behavior—a situation known as moral hazard.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 1

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

36) Lisa has a small language training business. She provides French and Spanish lessons to several customers in the neighborhood. What type of business does Lisa have?

- A) goods-producing business
- B) manufacturing business
- C) service business
- D) merchandising business
- E) not-for-profit organization

Answer: C

Explanation: A) Service businesses create value by performing activities that deliver some benefit to the customer.

B) Service businesses create value by performing activities that deliver some benefit to the customer.

C) Service businesses create value by performing activities that deliver some benefit to the customer.

D) Service businesses create value by performing activities that deliver some benefit to the customer.

E) Service businesses create value by performing activities that deliver some benefit to the customer.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 1

Course LO: Describe the role of small businesses in the economy

Classification: Application

37) Island Woodworking is a small business owned by Robert M. Carrasco, who makes handcrafted tables and rocking chairs from exotic woods. Robert employs three other woodworkers to help him in creating custom-crafted furniture. Island Woodworking would be described as what type of business?

- A) goods-producing business
- B) labor-intensive business
- C) service business
- D) merchandising business
- E) not-for-profit organization

Answer: A

Explanation: A) Goods-producing businesses refer to companies that create value by making "things," most of which are tangible (digital products such as software are a notable exception).

B) Goods-producing businesses refer to companies that create value by making "things," most of which are tangible (digital products such as software are a notable exception).

C) Goods-producing businesses refer to companies that create value by making "things," most of which are tangible (digital products such as software are a notable exception).

D) Goods-producing businesses refer to companies that create value by making "things," most of which are tangible (digital products such as software are a notable exception).

E) Goods-producing businesses refer to companies that create value by making "things," most of which are tangible (digital products such as software are a notable exception).

Diff: 2

Chapter LO: 1

Course LO: Describe the role of small businesses in the economy

Classification: Application

38) \_\_\_\_\_ create value by performing activities that deliver some benefit to the customer, such as automotive repair, banking, health care and massage therapy.

- A) Goods-producing businesses
- B) Manufacturing businesses
- C) Service businesses
- D) Merchandising businesses
- E) Not-for-profit organizations

Answer: C

Explanation: A) Service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information.

B) Service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information.

C) Service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information.

D) Service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information.

E) Service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information.

Diff: 1

Chapter LO: 1

Classification: Concept

39) Businesses that need very large amounts of money, equipment, land and other material resources in order to get started and continue to operate are \_\_\_\_\_ businesses.

- A) service sector
- B) labor-intensive
- C) competitively-advantaged
- D) not-for-profit
- E) capital-intensive

Answer: E

Explanation: A) Because they require large amounts of money, equipment, land, and other resources to get started and to operate, goods-producing businesses are often capital-intensive businesses.

B) Because they require large amounts of money, equipment, land, and other resources to get started and to operate, goods-producing businesses are often capital-intensive businesses.

C) Because they require large amounts of money, equipment, land, and other resources to get started and to operate, goods-producing businesses are often capital-intensive businesses.

D) Because they require large amounts of money, equipment, land, and other resources to get started and to operate, goods-producing businesses are often capital-intensive businesses.

E) Because they require large amounts of money, equipment, land, and other resources to get started and to operate, goods-producing businesses are often capital-intensive businesses.

Diff: 1

Chapter LO: 1

Course LO: Compare and contrast different economic systems

Classification: Concept

40) A business that relies on human resources more than on buildings, machinery, material resources, and land would be a \_\_\_\_\_ business.

- A) capital-intensive
- B) labor-intensive
- C) not-for-profit
- D) competitively disadvantaged
- E) manufacturing

Answer: B

Explanation: A) Service businesses tend to be labor-intensive businesses, in that they rely more on human resources than buildings, machinery, and equipment to prosper.

B) Service businesses tend to be labor-intensive businesses, in that they rely more on human resources than buildings, machinery, and equipment to prosper.

C) Service businesses tend to be labor-intensive businesses, in that they rely more on human resources than buildings, machinery, and equipment to prosper.

D) Service businesses tend to be labor-intensive businesses, in that they rely more on human resources than buildings, machinery, and equipment to prosper.

E) Service businesses tend to be labor-intensive businesses, in that they rely more on human resources than buildings, machinery, and equipment to prosper.

Diff: 1

Chapter LO: 1

Classification: Concept

41) \_\_\_\_\_ refer to a resource or capability a company must have before it can start competing in a given market.

- A) Assets
- B) Economies of scale
- C) Barriers to entry
- D) Technological requirements
- E) Fixed costs

Answer: C

Explanation: A) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

B) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

C) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

D) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

E) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

Diff: 1

Chapter LO: 1

Classification: Concept

42) Typical service businesses tend to \_\_\_\_\_.

- A) operate as not-for-profit enterprises
- B) rely more on human resources to prosper
- C) use a command-and-control operational strategy
- D) depend on property, machinery, and equipment to prosper
- E) be resistant to using customer feedback to change the way they do business

Answer: B

Explanation: A) Service businesses tend to be labor intensive, in that they rely more on human resources than on buildings, machinery, and equipment to prosper.

B) Service businesses tend to be labor intensive, in that they rely more on human resources than on buildings, machinery, and equipment to prosper.

C) Service businesses tend to be labor intensive, in that they rely more on human resources than on buildings, machinery, and equipment to prosper.

D) Service businesses tend to be labor intensive, in that they rely more on human resources than on buildings, machinery, and equipment to prosper.

E) Service businesses tend to be labor intensive, in that they rely more on human resources than on buildings, machinery, and equipment to prosper.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 1

Classification: Application

43) A U.S. multinational retailer corporation wants to set up a chain of large discount department stores in a developing nation. However, it is hindered by strict licensing procedures and bureaucratic delays in obtaining government approvals. In this example, the multinational corporation faces \_\_\_\_\_.

- A) incumbent inertia
- B) economies of scale
- C) first-mover disadvantage
- D) free-rider effects
- E) barriers to entry

Answer: E

Explanation: A) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

B) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

C) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

D) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

E) Barrier to entry is a resource or capability a company must have before it can start competing in a given market.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 1

Course LO: Explain the benefits and challenges of engaging in international business

Classification: Application

44) \_\_\_\_\_ refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

- A) Business mindset
- B) Service orientation
- C) Free-market philosophy
- D) Competitive advantage
- E) Business model

Answer: A

Explanation: A) A business mindset refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

B) A business mindset refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

C) A business mindset refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

D) A business mindset refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

E) A business mindset refers to a view of business that considers the many decisions that must be made and the potential problems that must be overcome before the organization can deliver its products or services.

Diff: 1

Chapter LO: 2

Classification: Concept

45) Which of the following statements is TRUE regarding a business mindset?

- A) It involves seeing the business from outside in.
- B) It is incompatible with corporate responsibility.
- C) It involves appreciating the challenges a company faces in satisfying customer needs.
- D) It involves acknowledging that businesses always benefit society.
- E) It involves ignoring one's customer experiences.

Answer: C

Explanation: A) Business mindset refers to a view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.

B) Business mindset refers to a view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.

C) Business mindset refers to a view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.

D) Business mindset refers to a view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.

E) Business mindset refers to a view of business that considers the myriad decisions that must be made and the many problems that must be overcome before companies can deliver the products that satisfy customer needs.

Diff: 2

Chapter LO: 2

Classification: Concept

46) Population trends that change the composition of consumer markets and the workforce are a part of a company's \_\_\_\_\_ environment.

- A) economic
- B) regulatory
- C) cultural
- D) social
- E) political

Answer: D

Explanation: A) Every business operates within the broad social environment, the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

B) Every business operates within the broad social environment, the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

C) Every business operates within the broad social environment, the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

D) Every business operates within the broad social environment, the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

E) Every business operates within the broad social environment, the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

Diff: 1

AACSB: Diverse and multicultural work environments

Chapter LO: 3

Classification: Concept

47) Which one of the following is an element of the economic environment of business that shapes the behavior of buyers and sellers?

- A) Forces resulting from the practical application of science to innovations
- B) Conditions and forces that affect the cost and availability of goods
- C) Laws and regulations that restrain, support, and protect businesses
- D) Targeted customers and competitors that market similar products to those customers
- E) Population trends, social values, and relationships of society and business

Answer: B

Explanation: A) Conditions and forces in the economic environment affect the cost and availability of goods, services, and labor; so they shape the behavior of buyers and sellers.

B) Conditions and forces in the economic environment affect the cost and availability of goods, services, and labor; so they shape the behavior of buyers and sellers.

C) Conditions and forces in the economic environment affect the cost and availability of goods, services, and labor; so they shape the behavior of buyers and sellers.

D) Conditions and forces in the economic environment affect the cost and availability of goods, services, and labor; so they shape the behavior of buyers and sellers.

E) Conditions and forces in the economic environment affect the cost and availability of goods, services, and labor; so they shape the behavior of buyers and sellers.

Diff: 2

AACSB: Application of knowledge

Chapter LO: 3

Classification: Application

48) Because they fundamentally change the nature of an industry, \_\_\_\_\_ can be powerful enough to create or destroy entire companies.

- A) adaptive technologies
- B) disruptive technologies
- C) apocryphal technologies
- D) incremental technologies
- E) innovative technologies

Answer: B

Explanation: A) Disruptive technologies fundamentally change the nature of an industry. Therefore, they can have sufficient power to create or destroy entire companies.

B) Disruptive technologies fundamentally change the nature of an industry. Therefore, they can have sufficient power to create or destroy entire companies.

C) Disruptive technologies fundamentally change the nature of an industry. Therefore, they can have sufficient power to create or destroy entire companies.

D) Disruptive technologies fundamentally change the nature of an industry. Therefore, they can have sufficient power to create or destroy entire companies.

E) Disruptive technologies fundamentally change the nature of an industry. Therefore, they can have sufficient power to create or destroy entire companies.

Diff: 2

AACSB: Information technology

Chapter LO: 3

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Concept

49) All internal and external groups affected by a company's activities are referred to as its \_\_\_\_\_.

- A) shareholders
- B) customers
- C) stakeholders
- D) employees
- E) suppliers

Answer: C

Explanation: A) Stakeholders refers to the internal and external groups affected by a company's decisions and activities.

B) Stakeholders refers to the internal and external groups affected by a company's decisions and activities.

C) Stakeholders refers to the internal and external groups affected by a company's decisions and activities.

D) Stakeholders refers to the internal and external groups affected by a company's decisions and activities.

E) Stakeholders refers to the internal and external groups affected by a company's decisions and activities.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 3

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

50) The term \_\_\_\_\_ refers to forces resulting from the practical application of science to innovations, products, and processes.

- A) social trends
- B) research and development
- C) barriers to entry
- D) technological environment
- E) business mindset

Answer: D

Explanation: A) The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes.

B) The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes.

C) The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes.

D) The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes.

E) The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes.

Diff: 1

Chapter LO: 3

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Concept

51) A generational "bulge" in the population made up of people born between 1946 and 1964, called the Baby Boom generation, has occupied a large number of middle and upper management positions, frustrating younger professionals who would like to climb the company ladder. This is an example of the effect of \_\_\_\_\_ environment on businesses.

- A) economic
- B) social
- C) political
- D) legal
- E) regulatory

Answer: B

Explanation: A) Every business operates within the broad social environment, the trends and forces in society at large. One example of this is the so-called Baby Boom generation, a generational "bulge" in the population made up of people born between 1946 and 1964. This large group of people has affected business in numerous ways.

B) Every business operates within the broad social environment, the trends and forces in society at large. One example of this is the so-called Baby Boom generation, a generational "bulge" in the population made up of people born between 1946 and 1964. This large group of people has affected business in numerous ways.

C) Every business operates within the broad social environment, the trends and forces in society at large. One example of this is the so-called Baby Boom generation, a generational "bulge" in the population made up of people born between 1946 and 1964. This large group of people has affected business in numerous ways.

D) Every business operates within the broad social environment, the trends and forces in society at large. One example of this is the so-called Baby Boom generation, a generational "bulge" in the population made up of people born between 1946 and 1964. This large group of people has affected business in numerous ways.

E) Every business operates within the broad social environment, the trends and forces in society at large. One example of this is the so-called Baby Boom generation, a generational "bulge" in the population made up of people born between 1946 and 1964. This large group of people has affected business in numerous ways.

Diff: 2

AACSB: Diverse and multicultural work environments

Chapter LO: 3

Classification: Concept

52) The conditions and forces that affect the cost and availability of goods, services and labor, and shape the behavior of buyers and sellers are BEST described as the \_\_\_\_\_ environment.

- A) market
- B) regulatory
- C) legal
- D) economic
- E) social

Answer: D

Explanation: A) Virtually every decision a company makes is influenced by the economic environment, the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers.

B) Virtually every decision a company makes is influenced by the economic environment, the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers.

C) Virtually every decision a company makes is influenced by the economic environment, the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers.

D) Virtually every decision a company makes is influenced by the economic environment, the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers.

E) Virtually every decision a company makes is influenced by the economic environment, the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers.

Diff: 1

Chapter LO: 3

Classification: Concept

53) The legal and regulatory environment would include \_\_\_\_\_.

- A) demographic factors
- B) technological innovations
- C) the number of competitors in the market
- D) preferences of the consumers
- E) the speed of obtaining licenses

Answer: E

Explanation: A) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level.

B) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level.

C) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level.

D) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level.

E) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level.

Diff: 2

Chapter LO: 3

Classification: Concept

54) The policies and practices of government bodies would shape the \_\_\_\_\_ environment for a business.

- A) legal and regulatory
- B) technological
- C) social
- D) economic
- E) market

Answer: A

Explanation: A) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level. The policies and practices of government bodies also establish an overall level of support for businesses operating within their jurisdictions.

B) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level. The policies and practices of government bodies also establish an overall level of support for businesses operating within their jurisdictions.

C) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level. The policies and practices of government bodies also establish an overall level of support for businesses operating within their jurisdictions.

D) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level. The policies and practices of government bodies also establish an overall level of support for businesses operating within their jurisdictions.

E) Every business is affected by the legal and regulatory environment, the sum of laws and regulations at the local, state, national, and even international level. The policies and practices of government bodies also establish an overall level of support for businesses operating within their jurisdictions.

Diff: 1

Chapter LO: 3

Classification: Concept

55) Taxation, fees, efforts to coordinate multiple regulatory agencies, labor rules, environmental restrictions, protection for assets such as patents and brand names, roads and other infrastructure, and the transparency and consistency of decision making are a part of the \_\_\_\_\_ environment.

- A) economic
- B) market
- C) legal and regulatory
- D) political
- E) social

Answer: C

Explanation: A) Legal and regulatory environment refers to the laws and regulations at the local, state, national, and even international level.

B) Legal and regulatory environment refers to the laws and regulations at the local, state, national, and even international level.

C) Legal and regulatory environment refers to the laws and regulations at the local, state, national, and even international level.

D) Legal and regulatory environment refers to the laws and regulations at the local, state, national, and even international level.

E) Legal and regulatory environment refers to the laws and regulations at the local, state, national, and even international level.

Diff: 1

Chapter LO: 3

Classification: Concept

56) Which of the following is a component of the specific market environment within which each business operates?

- A) demographic factors
- B) competitors
- C) technological innovations
- D) environmental restrictions
- E) the speed of granting permits and licenses

Answer: B

Explanation: A) Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers.

B) Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers.

C) Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers.

D) Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers.

E) Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers.

Diff: 1

Chapter LO: 3

Classification: Concept

57) \_\_\_\_\_ refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

- A) Regulatory environment
- B) Social environment
- C) Economic environment
- D) Market environment
- E) Technological environment

Answer: D

Explanation: A) Market environment refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

B) Market environment refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

C) Market environment refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

D) Market environment refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

E) Market environment refers to a company's target customers, the buying influences that shape the behavior of those customers, and competitors that market similar products to those customers.

Diff: 1

Chapter LO: 3

Classification: Concept

58) \_\_\_\_\_ activities are intended to identify new ideas that have the potential to result in new goods and services.

- A) Capital-intensive
- B) Regulatory
- C) Research and development
- D) Demographic
- E) Economic

Answer: C

Explanation: A) Research and development (R&D) refers to the functional area responsible for conceiving and designing new products.

B) Research and development (R&D) refers to the functional area responsible for conceiving and designing new products.

C) Research and development (R&D) refers to the functional area responsible for conceiving and designing new products.

D) Research and development (R&D) refers to the functional area responsible for conceiving and designing new products.

E) Research and development (R&D) refers to the functional area responsible for conceiving and designing new products.

Diff: 1

Chapter LO: 4

Classification: Concept

59) The advent of \_\_\_\_\_ has put buyers and sellers on much more equal footing.

- A) cloud computing
- B) B2B marketing
- C) adaptive technology
- D) social media
- E) pop-up advertising

Answer: D

Explanation: A) Due to *social media*, consumers are no longer passive recipients of broadcast advertising messages. Instead, they participate in unstructured conversations with companies and with each other. The result has been a profound power shift that puts buyers on much more equal footing with sellers.

B) Due to *social media*, consumers are no longer passive recipients of broadcast advertising messages. Instead, they participate in unstructured conversations with companies and with each other. The result has been a profound power shift that puts buyers on much more equal footing with sellers.

C) Due to *social media*, consumers are no longer passive recipients of broadcast advertising messages. Instead, they participate in unstructured conversations with companies and with each other. The result has been a profound power shift that puts buyers on much more equal footing with sellers.

D) Due to *social media*, consumers are no longer passive recipients of broadcast advertising messages. Instead, they participate in unstructured conversations with companies and with each other. The result has been a profound power shift that puts buyers on much more equal footing with sellers.

E) Due to *social media*, consumers are no longer passive recipients of broadcast advertising messages. Instead, they participate in unstructured conversations with companies and with each other. The result has been a profound power shift that puts buyers on much more equal footing with sellers.

Diff: 2

AACSB: Information technology

Chapter LO: 4

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Concept

60) Which of the following enables companies to design new and better ways to run their operations?

- A) process R&D
- B) legal and regulatory environment
- C) barriers to entry
- D) economies of scale
- E) market environment

Answer: A

Explanation: A) Companies can engage in process R&D to design new and better ways to run their operations.

B) Companies can engage in process R&D to design new and better ways to run their operations.

C) Companies can engage in process R&D to design new and better ways to run their operations.

D) Companies can engage in process R&D to design new and better ways to run their operations.

E) Companies can engage in process R&D to design new and better ways to run their operations.

Diff: 1

Chapter LO: 4

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Concept

61) Systems that promote communication and data usage through the company or allow it to offer new services to their customers are called \_\_\_\_\_.

- A) research and development (R&D)
- B) marketing strategies
- C) product engineering
- D) information technology (IT)
- E) forensic technology (FT)

Answer: D

Explanation: A) Information technology (IT) systems promote communication and information usage through the company or allow companies to offer new services to their customers.

B) Information technology (IT) systems promote communication and information usage through the company or allow companies to offer new services to their customers.

C) Information technology (IT) systems promote communication and information usage through the company or allow companies to offer new services to their customers.

D) Information technology (IT) systems promote communication and information usage through the company or allow companies to offer new services to their customers.

E) Information technology (IT) systems promote communication and information usage through the company or allow companies to offer new services to their customers.

Diff: 1

AACSB: Information technology

Chapter LO: 4

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Concept

62) \_\_\_\_\_ refers to the area where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

- A) Operations
- B) Finance
- C) Distribution
- D) Process R&D
- E) Marketing

Answer: A

Explanation: A) Variously called manufacturing, production, or operations, this area is where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

B) Variously called manufacturing, production, or operations, this area is where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

C) Variously called manufacturing, production, or operations, this area is where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

D) Variously called manufacturing, production, or operations, this area is where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

E) Variously called manufacturing, production, or operations, this area is where the company makes whatever it makes (for goods-producing businesses) or does whatever it does (for service businesses).

Diff: 1

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Concept

63) The \_\_\_\_\_ function of an organization coordinates the incoming flow of materials and the outgoing flow of finished products.

- A) finance
- B) logistics
- C) human resource
- D) purchasing
- E) sales

Answer: B

Explanation: A) Logistics involves coordinating the incoming flow of materials and the outgoing flow of finished products.

B) Logistics involves coordinating the incoming flow of materials and the outgoing flow of finished products.

C) Logistics involves coordinating the incoming flow of materials and the outgoing flow of finished products.

D) Logistics involves coordinating the incoming flow of materials and the outgoing flow of finished products.

E) Logistics involves coordinating the incoming flow of materials and the outgoing flow of finished products.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Concept

64) Which of the following activities would be a part of facilities management?

- A) designing a new product
- B) devising a marketing strategy
- C) ensuring that the office building adheres to safety standards
- D) delivering the finished product to the customer
- E) maintaining demographic and contact details of potential customers

Answer: C

Explanation: A) Facilities management is responsible for everything from planning new buildings to maintaining them.

B) Facilities management is responsible for everything from planning new buildings to maintaining them.

C) Facilities management is responsible for everything from planning new buildings to maintaining them.

D) Facilities management is responsible for everything from planning new buildings to maintaining them.

E) Facilities management is responsible for everything from planning new buildings to maintaining them.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Application

65) An operations manager is most likely to be responsible for \_\_\_\_\_.

- A) developing relationships with potential customers
- B) using social media to interact with customers
- C) helping to promote products to retailers
- D) creating branding and advertising strategies
- E) arranging to buy the necessary materials for manufacturing

Answer: E

Explanation: A) In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing).

B) In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing).

C) In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing).

D) In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing).

E) In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing).

Diff: 2

AACSB: Interpersonal relations and teamwork

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Concept

66) Creating branding and advertising strategies to communicate with potential customers, and setting prices would fall under the \_\_\_\_\_ function of a business.

- A) human resource
- B) accounting
- C) logistics
- D) marketing
- E) research and development

Answer: D

Explanation: A) Marketing is charged with identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices.

B) Marketing is charged with identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices.

C) Marketing is charged with identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices.

D) Marketing is charged with identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices.

E) Marketing is charged with identifying opportunities in the marketplace, working with R&D to develop the products to address those opportunities, creating branding and advertising strategies to communicate with potential customers, and setting prices.

Diff: 1

AACSB: Written and oral communication

Chapter LO: 4

Course LO: Explain the role of marketing in organizations

Classification: Concept

67) FinSmart, a finance company, plans to construct a new office building which would be disabled-friendly. The company also plans to make renovations to the existing office buildings to incorporate changes that would make them safer and disabled-friendly. Which of the following persons is most likely to be in charge of planning the new buildings and maintaining them?

- A) sales manager
- B) facilities manager
- C) human resource manager
- D) logistics manager
- E) distribution manager

Answer: B

Explanation: A) Facilities management is responsible for everything from planning new buildings to maintaining them.

B) Facilities management is responsible for everything from planning new buildings to maintaining them.

C) Facilities management is responsible for everything from planning new buildings to maintaining them.

D) Facilities management is responsible for everything from planning new buildings to maintaining them.

E) Facilities management is responsible for everything from planning new buildings to maintaining them.

Diff: 2

AACSB: Diverse and multicultural work environments

Chapter LO: 4

Course LO: Describe the skills and functions of management

Classification: Application

68) The \_\_\_\_\_ function of a business involves the recruiting, hiring and support of its personnel.

- A) operations
- B) finance
- C) human resources
- D) accounting
- E) information technology

Answer: C

Explanation: A) The human resources (HR) function is responsible for recruiting, hiring, developing, and supporting employees.

B) The human resources (HR) function is responsible for recruiting, hiring, developing, and supporting employees.

C) The human resources (HR) function is responsible for recruiting, hiring, developing, and supporting employees.

D) The human resources (HR) function is responsible for recruiting, hiring, developing, and supporting employees.

E) The human resources (HR) function is responsible for recruiting, hiring, developing, and supporting employees.

Diff: 1

AACSB: Written and oral communication

Chapter LO: 4

Course LO: Summarize the functions carried out by human resources

Classification: Concept

69) Which of the following statements is TRUE regarding business services?

- A) Business services refer to those functions of business that are performed by external firms.
- B) Business services refer to the in-house department of a company that is responsible for providing customer support.
- C) Business services create the goods and services that a company can manufacture or perform for its customers.
- D) Business services are found more in labor-intensive firms, as compared to capital-intensive firms.
- E) Business services exist to help companies with specific needs in law, banking, real estate, and other areas.

Answer: E

Explanation: A) A wide variety of business services exist to help companies with specific needs in law, banking, real estate, and other areas. These services can be performed by in-house staff, external firms, or a combination of the two.

B) A wide variety of business services exist to help companies with specific needs in law, banking, real estate, and other areas. These services can be performed by in-house staff, external firms, or a combination of the two.

C) A wide variety of business services exist to help companies with specific needs in law, banking, real estate, and other areas. These services can be performed by in-house staff, external firms, or a combination of the two.

D) A wide variety of business services exist to help companies with specific needs in law, banking, real estate, and other areas. These services can be performed by in-house staff, external firms, or a combination of the two.

E) A wide variety of business services exist to help companies with specific needs in law, banking, real estate, and other areas. These services can be performed by in-house staff, external firms, or a combination of the two.

Diff: 2

Chapter LO: 4

Classification: Concept

70) Which of the following statements is TRUE about the major functional areas in a business enterprise?

- A) An R&D function is an integral part of all businesses.
- B) Operations managers create branding and advertising strategies to communicate with potential customers.
- C) Accounting specialists work closely with other functional areas to ensure profitable decision making.
- D) Managers in finance and accounting functions remain uninvolved in the hiring and training process.
- E) Social media has resulted in customers being passive recipients of broadcast advertising messages rather than being participants in a multidirectional conversation with companies.

Answer: C

Explanation: A) Accounting specialists work closely with other functional areas to ensure profitable decision making. For instance, accountants will coordinate with the R&D and production departments to estimate the manufacturing costs of a new product.

B) Accounting specialists work closely with other functional areas to ensure profitable decision making. For instance, accountants will coordinate with the R&D and production departments to estimate the manufacturing costs of a new product.

C) Accounting specialists work closely with other functional areas to ensure profitable decision making. For instance, accountants will coordinate with the R&D and production departments to estimate the manufacturing costs of a new product.

D) Accounting specialists work closely with other functional areas to ensure profitable decision making. For instance, accountants will coordinate with the R&D and production departments to estimate the manufacturing costs of a new product.

E) Accounting specialists work closely with other functional areas to ensure profitable decision making. For instance, accountants will coordinate with the R&D and production departments to estimate the manufacturing costs of a new product.

Diff: 2

AACSB: Application of knowledge

Chapter LO: 4

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

71) \_\_\_\_\_ audit the financial reports of public companies as required by law.

- A) Internal accountants
- B) External auditors
- C) Credit managers
- D) Management accountants
- E) Forensic accountants

Answer: B

Explanation: A) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

B) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

C) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

D) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

E) Companies that sell shares of stock to the public are required to have their financial records audited by an outside accounting firm.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 4

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

72) \_\_\_\_\_ encompasses all the people and processes used to create the goods and perform the services that a company sells.

- A) Sales and marketing
- B) Information technology management
- C) Human resources management
- D) Operations management
- E) Financial management

Answer: D

Explanation: A) Operations management encompasses all the people and processes used to create the goods and perform the services that a company sells.

B) Operations management encompasses all the people and processes used to create the goods and perform the services that a company sells.

C) Operations management encompasses all the people and processes used to create the goods and perform the services that a company sells.

D) Operations management encompasses all the people and processes used to create the goods and perform the services that a company sells.

E) Operations management encompasses all the people and processes used to create the goods and perform the services that a company sells.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 5

Course LO: Describe the skills and functions of management

Classification: Concept

73) An HR specialist is most likely to be responsible for which of the following activities?

- A) motivate and train diverse workforces
- B) production engineering
- C) design, implement, and maintain information systems
- D) lodge the annual tax returns for the company
- E) verify the financial reports of public companies

Answer: A

Explanation: A) HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety.

B) HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety.

C) HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety.

D) HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety.

E) HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety.

Diff: 1

AACSB: Diverse and multicultural work environments

Chapter LO: 5

Course LO: Summarize the functions carried out by human resources

Classification: Concept

74) Which of the following statements regarding a sales professional is TRUE?

- A) A career in sales is limited to the retail sector of professional selling.
- B) Personal characteristics are of little importance in the sales professional.
- C) A sales professional is responsible for determining long-term financial goals and budgets.
- D) A sales professional is responsible for building relationships with customers and helping them make purchase decisions.
- E) A sales professional does not receive any immediate indicators of success or failure.

Answer: D

Explanation: A) A sales professional is responsible for building relationships with customers and helping them make purchase decisions. Salespeople sell everything from design services to pharmaceuticals to airlines.

B) A sales professional is responsible for building relationships with customers and helping them make purchase decisions. Salespeople sell everything from design services to pharmaceuticals to airlines.

C) A sales professional is responsible for building relationships with customers and helping them make purchase decisions. Salespeople sell everything from design services to pharmaceuticals to airlines.

D) A sales professional is responsible for building relationships with customers and helping them make purchase decisions. Salespeople sell everything from design services to pharmaceuticals to airlines.

E) A sales professional is responsible for building relationships with customers and helping them make purchase decisions. Salespeople sell everything from design services to pharmaceuticals to airlines.

Diff: 1

AACSB: Ethical understanding and reasoning

Chapter LO: 5

Course LO: Explain the role of marketing in organizations

Classification: Concept

75) A management accountant is likely to be responsible for which of the following activities?

- A) purchasing raw material for production
- B) assessing the manufacturing costs of new products
- C) determining the prices of products
- D) removing a distributor from the supply chain
- E) determining the money allocated for marketing

Answer: B

Explanation: A) Management accountants are responsible for collecting, analyzing, and reporting on financial matters—such as analyzing budgets, assessing the manufacturing costs of new products, and preparing state and federal tax returns.

B) Management accountants are responsible for collecting, analyzing, and reporting on financial matters—such as analyzing budgets, assessing the manufacturing costs of new products, and preparing state and federal tax returns.

C) Management accountants are responsible for collecting, analyzing, and reporting on financial matters—such as analyzing budgets, assessing the manufacturing costs of new products, and preparing state and federal tax returns.

D) Management accountants are responsible for collecting, analyzing, and reporting on financial matters—such as analyzing budgets, assessing the manufacturing costs of new products, and preparing state and federal tax returns.

E) Management accountants are responsible for collecting, analyzing, and reporting on financial matters—such as analyzing budgets, assessing the manufacturing costs of new products, and preparing state and federal tax returns.

Diff: 2

AACSB: Application of knowledge

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Concept

76) The manager of a firm was accused of diverting company funds for personal use. Andrew was the person responsible for reviewing his financial activities to see if any of the finances were diverted for personal use, and to determine if he had performed any financial crime. Andrew is most likely to be a(n) \_\_\_\_\_.

- A) forensic accountant
- B) chief information officer
- C) external auditor
- D) operations manager
- E) treasurer

Answer: A

Explanation: A) Forensic accountants investigate financial crimes.

- B) Forensic accountants investigate financial crimes.
- C) Forensic accountants investigate financial crimes.
- D) Forensic accountants investigate financial crimes.
- E) Forensic accountants investigate financial crimes.

Diff: 1

AACSB: Written and oral communication

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Application

77) Alvy Smith is the forensic accountant at KPM Financial Group, a company that provides investment services. He is most likely to do which of the following activities?

- A) establish the long-term financial goals and budgets of the firm
- B) purchase supplies required for the upkeep of the office premises
- C) determine the pricing of the services provided by the firm
- D) investigate charges of falsification of financial statements against an employee of the firm
- E) build relationships with customers and help them make purchase decisions

Answer: D

Explanation: A) Forensic accountants investigate financial crimes.

- B) Forensic accountants investigate financial crimes.
- C) Forensic accountants investigate financial crimes.
- D) Forensic accountants investigate financial crimes.
- E) Forensic accountants investigate financial crimes.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 5

Course LO: Identify the basic concepts and tools used for business accounting

Classification: Application

78) Which of the following positions would be responsible for establishing the long-term financial goals of the company, investing its funds and raising capital for the business?

- A) cash manager
- B) internal auditor
- C) chief information officer
- D) forensic accountant
- E) treasurer

Answer: E

Explanation: A) Treasurers and finance officers have a more strategic role, establishing long-term financial goals and budgets, investing the firm's funds, and raising capital as needed.

B) Treasurers and finance officers have a more strategic role, establishing long-term financial goals and budgets, investing the firm's funds, and raising capital as needed.

C) Treasurers and finance officers have a more strategic role, establishing long-term financial goals and budgets, investing the firm's funds, and raising capital as needed.

D) Treasurers and finance officers have a more strategic role, establishing long-term financial goals and budgets, investing the firm's funds, and raising capital as needed.

E) Treasurers and finance officers have a more strategic role, establishing long-term financial goals and budgets, investing the firm's funds, and raising capital as needed.

Diff: 1

Chapter LO: 5

Classification: Concept

79) \_\_\_\_\_ is the quality of performing at a high level and conducting oneself with purpose and pride.

- A) Business mindset
- B) Professionalism
- C) Job enrichment
- D) Positive reinforcement
- E) Etiquette

Answer: B

Explanation: A) Professionalism is the quality of performing at a high level and conducting oneself with purpose and pride.

B) Professionalism is the quality of performing at a high level and conducting oneself with purpose and pride.

C) Professionalism is the quality of performing at a high level and conducting oneself with purpose and pride.

D) Professionalism is the quality of performing at a high level and conducting oneself with purpose and pride.

E) Professionalism is the quality of performing at a high level and conducting oneself with purpose and pride.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Concept

80) Which of the following statements is TRUE about professionalism?

- A) Professionalism involves striving to excel in a single area, instead of attempting to excel at every level.
- B) Professionalism consists of working individually, rather than in a team.
- C) Professionalism involves prioritizing business goals over ethical considerations.
- D) Professionalism involves being accountable.
- E) Professionalism involves having the confidence to present opinions as facts.

Answer: D

Explanation: A) True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

B) True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

C) True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

D) True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

E) True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

- 81) Which of the following activities is most likely to be considered unprofessional?
- A) Viewing constant change as a positive thing, as a way to avoid stagnation and boredom.
  - B) Being conservative with commitments.
  - C) Helping others in the team to improve their performance.
  - D) Posting critical comments regarding the employer in a personal blog.
  - E) Providing practical information, when required.

Answer: D

Explanation: A) Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

B) Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

C) Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

D) Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

E) Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Concept

82) Jason is a financial analyst in a computer-manufacturing firm. Unfortunately, several of his co-workers and superiors doubt Jason's professionalism. His manager feels that Jason means well; however, Jason is unable to communicate effectively. Which of the following tips is the manager most likely to give Jason to help him communicate more professionally?

- A) Give people general information, instead of providing only specific data.
- B) Clarify how people will benefit from responding to your messages the way you want them to.
- C) Present personal opinions as facts so that you appear professional.
- D) Avoid clarifying expectations and responsibilities to create a positive impression.
- E) Use passive listening so that you can save time and easily use your filters to process information.

Answer: B

Explanation: A) The guidelines to improve your effectiveness as a communicator includes making it clear to people how they will benefit from responding to your messages the way you want them to.

B) The guidelines to improve your effectiveness as a communicator includes making it clear to people how they will benefit from responding to your messages the way you want them to.

C) The guidelines to improve your effectiveness as a communicator includes making it clear to people how they will benefit from responding to your messages the way you want them to.

D) The guidelines to improve your effectiveness as a communicator includes making it clear to people how they will benefit from responding to your messages the way you want them to.

E) The guidelines to improve your effectiveness as a communicator includes making it clear to people how they will benefit from responding to your messages the way you want them to.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Application

83) The expected norms of behavior in a particular situation are referred to as \_\_\_\_\_.

- A) etiquette
- B) dependability
- C) expectancy
- D) energy
- E) accountability

Answer: A

Explanation: A) Etiquette refers to the expected norms of behavior in any particular situation.

B) Etiquette refers to the expected norms of behavior in any particular situation.

C) Etiquette refers to the expected norms of behavior in any particular situation.

D) Etiquette refers to the expected norms of behavior in any particular situation.

E) Etiquette refers to the expected norms of behavior in any particular situation.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Concept

84) Which of the following statements is TRUE about etiquette?

- A) The rules of etiquette are easily understood and memorized.
- B) Etiquette means meeting your commitments, such as staying on schedule and within budgets.
- C) Etiquette blunders can have serious financial costs through lower productivity and lost business opportunities.
- D) It is preferable not to ask questions regarding the etiquette of a culture, as people will tend to become offended by your curiosity.
- E) Travel guidebooks are a poor source of information about etiquette in other countries.

Answer: C

Explanation: A) As you prepare to encounter new situations, take some time to learn the expectations of the other people involved. Travel guidebooks are a great source of information about norms and customs in other countries.

B) As you prepare to encounter new situations, take some time to learn the expectations of the other people involved. Travel guidebooks are a great source of information about norms and customs in other countries.

C) As you prepare to encounter new situations, take some time to learn the expectations of the other people involved. Travel guidebooks are a great source of information about norms and customs in other countries.

D) As you prepare to encounter new situations, take some time to learn the expectations of the other people involved. Travel guidebooks are a great source of information about norms and customs in other countries.

E) As you prepare to encounter new situations, take some time to learn the expectations of the other people involved. Travel guidebooks are a great source of information about norms and customs in other countries.

Diff: 2

AACSB: Written and oral communication

Chapter LO: 6

Course LO: Explain the benefits and challenges of engaging in international business

Classification: Concept

85) Which of the following is an example of bad etiquette?

- A) Daniel indulged in excessive drinking during a company dinner.
- B) Alice was forced to take leave without prior notice due to a family emergency.
- C) Seth does not hesitate to express clearly what he expects from the interns working under him.
- D) Lisa, being a vegan, avoided having meat and milk-based dishes during a meeting with a client.
- E) Jason, an American who is about to go to a client's office in Japan, refers to a travel guidebook to gather knowledge about the norms and customs prevalent in Japan.

Answer: A

Explanation: A) Etiquette refers to the expected norms of behavior in any particular situation.

B) Etiquette refers to the expected norms of behavior in any particular situation.

C) Etiquette refers to the expected norms of behavior in any particular situation.

D) Etiquette refers to the expected norms of behavior in any particular situation.

E) Etiquette refers to the expected norms of behavior in any particular situation.

Diff: 2

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Explain the benefits and challenges of engaging in international business

Classification: Application

86) Explain the concept of adding value to satisfy customers and provide an example.

Answer: Each company in the chain of producing a product enhances its value in some way before it is offered to the final customer. For example, a wheat farm converts soil, seed, and time to wheat. The flour mill then converts that wheat to flour. The bakery converts that flour to bread. The grocery store makes the bread easier for the consumer to purchase. The consumer benefits from the value added at every stage.

Diff: 2

Chapter LO: 1

Classification: Concept

87) Why are not-for-profit organizations different from most businesses? Are there any similarities between a goods-producing business and a not-for-profit organization?

Answer: The driving forces behind most businesses are the prospects of earning profits and building assets, which are anything of meaningful value, from patents and brand names to real estate and company stock. In contrast, not-for-profit organizations (also known as nonprofit organizations) such as museums, most universities, and charities do not have a profit motive. However, similar to goods-producing businesses, they must operate efficiently and effectively to achieve their goals. A nonprofit organization might use many of the business-management principles used by other businesses such as a goods-producing business.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 1

Course LO: Explain how economic performance is monitored

Classification: Synthesis

88) Compare and contrast between goods-producing businesses and service businesses.

Answer: Goods-producing businesses create value by making "things," from Pop-Tarts to school furniture to spacecraft. Most goods are tangible, meaning they have a physical presence, although software, music downloads, and other digital products are intangible. On the other hand, service businesses create value by performing activities that deliver some benefit to the customer, such as finance, insurance, transportation, construction, utilities, wholesale and retail trade, banking, entertainment, health care, maintenance and repair, and information. Twitter, Jiffy Lube, HBO, and Verizon Wireless are examples of service businesses.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 1

Course LO: Explain how economic performance is monitored

Classification: Synthesis

89) What is a barrier to entry? Explain with an example.

Answer: Barrier to entry refers to a resource or capability a company must have before it can start competing in a given market. Barriers to entry include government testing and approval, tightly controlled markets, strict licensing procedures, limited supplies of raw materials, and the need for highly skilled employees.

Diff: 1

Chapter LO: 1

Classification: Concept

90) Compare and contrast between capital-intensive businesses and labor-intensive businesses.

Answer: Capital-intensive businesses require large amounts of money, equipment, land, and other resources to get started and to operate. Goods-producing businesses are often capital-intensive businesses. Service businesses tend to be labor-intensive businesses in that they rely more on human resources than buildings, machinery, and equipment to prosper. However, the Internet and other technologies have reduced the labor required to operate many types of service businesses.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 1

Course LO: Explain how economic performance is monitored

Classification: Synthesis

91) Compare and contrast the perspective of a business professional with that of a consumer.

Answer: Consumer experiences include the impact of poor customer service, a sense for product value, and the entire experience of searching for, purchasing, and owning products. While a customer thinks about the cost of buying a particular product, a business professional thinks about the cost of making it, promoting it, and distributing it. A business professional focuses on what it takes to make a product stand out from the crowd and recognizes the importance of finding opportunities in the marketplace. He/she starts to develop a business mindset which involves an appreciation for the many decisions that must be made and the many challenges that must be overcome before companies can deliver the products that satisfy customer needs.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 2

Classification: Synthesis

92) Discuss the positive and negative role of business in society.

Answer: A business professional needs to recognize the positive and negative effects that business can have on society. Business has the potential to contribute to society in many useful ways, such as:

- Offering valuable goods and services.

- Providing employment, which enables employees to provide for themselves and their families.

In addition, many companies help their employees meet the costs of health care, child care, insurance, retirement, and other living expenses.

- Paying taxes. Money collected from taxes that helps build highways, fund education, further scientific research, enhance public safety and national defense, and support other vital functions of government.

- Contributing to national growth, stability, and security. Beyond the mere dollars of taxes paid, a strong economy helps ensure a strong country.

Unfortunately, businesses don't always operate in ways that benefit society. The potentially negative effects that business can have on society include generating pollution and creating waste, creating health and safety risks, disrupting communities, and causing financial instability. The potential negative effects of business are serious matters, but employees can conduct themselves in ways that balance the profit motive with society's shared interests.

Diff: 3

AACSB: Ethical understanding and reasoning

Chapter LO: 2

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Synthesis

93) Compare and contrast the social environment and the economic environment of a business.  
Answer: Social environment refers to the trends and forces in society at large. For instance, all companies are affected by population trends that change the composition of consumer markets and the workforce.

The economic environment of a business consists of the conditions and forces that (a) affect the cost and availability of goods, services, and labor and (b) thereby shape the behavior of buyers and sellers. For example, a growing economy can help companies by increasing demand and supporting higher prices for their products, but it can also raise the costs of labor and the materials the companies need to do business.

Diff: 3

AACSB: Ethical understanding and reasoning

Chapter LO: 3

Course LO: Discuss the roles of ethics and corporate responsibility in business

Classification: Synthesis

94) Discuss the legal and regulatory environment of a business. How is it related to barriers to entry? What kind of legal and regulatory environment do most businesses prefer?

Answer: Every business is affected by the legal and regulatory environment: the sum of laws and regulations at the local, state, national, and even international level. Some businesses, such as electricity and other basic utilities, are heavily regulated, even to the point of government agencies determining how much such companies can charge for their services. The degree to which various industries should be regulated remains a point of contention, year in and year out. Government testing and approval, tightly controlled markets, strict licensing procedures can act as barriers to entry.

Businesses prefer to locate and do business in jurisdictions that offer lower costs, lower complexity, and greater stability and predictability. The policies and practices of government bodies establish an overall level of support for businesses operating within their jurisdictions. Taxation, fees, efforts to coordinate multiple regulatory agencies, the speed of granting permits and licenses, labor rules, environmental restrictions, protection for assets such as patents and brand names, roads and other infrastructure, and the transparency and consistency of decision making all affect this level of support.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 1, 3

Classification: Synthesis

95) Compare and contrast the technological environment and the market environment within which a business operates?

Answer: The technological environment refers to forces resulting from the practical application of science to innovations, products, and processes. Technological changes have the potential to change every facet of business, from altering internal processes to creating or destroying market opportunities.

Every company operates within a specific market environment composed of three important groups: (1) its target customers, (2) buying influences that shape the behavior of those customers, and (3) competitors—other companies that market similar products to those customers. The nature and behavior of these groups and their effect on business strategy vary widely from industry to industry.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 3

Course LO: Identify the different types of technologies used in business and describe their uses

Classification: Synthesis

96) Describe the six major functional areas in a business enterprise.

Answer: The six major functional areas in a business are:

(1) Research and development (R&D) creates the goods and services that a company can manufacture or perform for its customers. (2) Manufacturing, production, or operations is that part of the company where the firm makes whatever it makes or performs whatever services it performs. (3) The related group of functions in marketing, sales, distribution, and customer support are responsible for identifying market opportunities, crafting the promotional strategies, and making sure customers are supplied and satisfied with their purchases. (4) Finance and accounting plan for the company's financial needs, control spending, and report on financial matters. (5) The human resources (HR) function recruits, hires, develops, and supports employees. (6) A variety of business services provides expertise in law, real estate, and other areas.

Diff: 1

Chapter LO: 4

Classification: Concept

97) Compare and contrast the research and development and the operations functions of a business.

Answer: Products are conceived and designed through research and development (R&D), sometimes known as product design or engineering. It creates the goods and services that a company can manufacture or perform for its customers. Companies can also engage in process R&D to design new and better ways to run their operations.

Manufacturing, production, or operations is that part of the company where the firm makes whatever it makes or performs whatever services it performs. In addition to supervising the actual production activity, operations managers are responsible for a wide range of other strategies and decisions, including purchasing (arranging to buy the necessary materials for manufacturing), logistics (coordinating the incoming flow of materials and the outgoing flow of finished products), and facilities management (everything from planning new buildings to maintaining them).

Diff: 3

AACSB: Reflective thinking

Chapter LO: 4

Classification: Synthesis

98) What are the functions of HR specialists and managers? How has the role of the HR function changed over time. Compare it with the functions of a chief information officer.

Answer: HR specialists and managers plan and direct human resource activities that include recruiting, training and development, compensation and benefits, employee and labor relations, and health and safety. Additionally, HR managers develop and implement human resources systems and practices to accommodate a firm's strategy and to motivate and manage diverse workforces. In the past, HR was seen by many as a lower-level function concerned mostly with processing employee records and other tactical duties. However, in many companies, the HR function is becoming more strategic and focused on the global competition to find, attract, and keep the best talent on the market.

Like HR, information technology (IT) is evolving from a tactical support function to a critical strategic component. Reflecting IT's strategic importance, many midsize and large companies now have a chief information officer (CIO) position at the executive level to plot IT strategy.

Diff: 3

AACSB: Reflective thinking

Chapter LO: 5

Course LO: Summarize the functions carried out by human resources

Classification: Synthesis

99) What is professionalism? List the key traits of professionalism.

Answer: Professionalism is the quality of performing at a high level and conducting yourself with purpose and pride. True professionals exhibit seven distinct traits: striving to excel, being dependable and accountable, being a team player, communicating effectively, demonstrating a sense of etiquette, making ethical decisions, and maintaining a positive outlook.

Diff: 1

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Concept

100) Why is being a team player an important aspect of professionalism?

Answer: Professionals know that they are contributors to a larger cause, that it's not all about them. Great team players know how to make those around them more effective, whether it's lending a hand during crunch time, sharing resources, removing obstacles, making introductions, or offering expertise. Being a team player also means showing loyalty to your organization and protecting your employer's reputation—one of the most important assets any company has. Professionals don't trash their employers in front of customers or in their personal blogs. When they have a problem, they solve it; they don't share it.

Diff: 3

AACSB: Interpersonal relations and teamwork

Chapter LO: 6

Course LO: Discuss the factors that affect motivation and behavior in the workplace

Classification: Concept