

Chapter 1—The Changing Face of Business

MATCHING

Complete the following using these terms.

a.	outsourcing
b.	diversity
c.	entrepreneur
d.	competitive differentiation
e.	strategic alliance
f.	capital
g.	vision
h.	factors of production
i.	brand
j.	relationship management
k.	not-for-profit organizations
l.	business ethics

- _____ involves blending different genders, ethnic backgrounds, cultures, religions, ages, and physical and mental abilities in order to enhance a firm's chances of success.
- _____ refers to technology, tools, information, and physical facilities.
- _____ is the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of consumers.
- A partnership formed to create a competitive advantage for the businesses involved is known as a(n) _____.
- A(n) _____ is a name, terms, sign, symbol, design, or combination that identifies the products of one firm.
- The ability to perceive future marketplace needs and what an organization can do to satisfy them is referred to as _____.
- A person who seeks a profitable opportunity and then devises a plan to achieve that profit is called a(n) _____.
- _____ is a collection of activities that build and maintain ongoing, mutually beneficial ties between a business and its customers and other parties.
- To operate effectively, certain inputs called _____ systems are required for all economic systems.
- _____ are businesslike establishments that have primary objectives other than returning profits to their owners.
- _____ refers to the standards of conduct and moral values involving decisions made in the work environment.
- A company that contracts with another business to perform functions previously handled by internal staff is participating in _____.

- | | | |
|-----------|--------------|-------------------------------|
| 1. ANS: b | DIF: MEDIUM | LO: 1.2 Factors of Production |
| | Pg. 6 AACSB: | Analytic BT: K |
| 2. ANS: f | DIF: MEDIUM | LO: 1.2 Factors of Production |

	Pg. 6 AACSB:	Analytic	BT: K
3. ANS: d	DIF: MEDIUM	LO: 1.5 Today's Business Workforce	
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4. ANS: e	DIF: MEDIUM	LO: 1.4 Six Eras in the History of Business	
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5. ANS: i	DIF: MEDIUM	LO: 1.3 The Private Enterprise System	
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6. ANS: g	DIF: MEDIUM	LO: 1.6 The 21st-Century Manager	
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7. ANS: c	DIF: MEDIUM	LO: 1.4 Six Eras in the History of Business	
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8. ANS: j	DIF: MEDIUM	LO: 1.4 Six Eras in the History of Business	
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9. ANS: h	DIF: MEDIUM	LO: 1.5 Today's Business Workforce	
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10. ANS: k	DIF: MEDIUM	LO: 1.1 What Is Business?	
	Pg. 4 AACSB:	Analytic	BT: K
11. ANS: l	DIF: MEDIUM	LO: 1.7 What Makes a Company Admired?	
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12. ANS: a	DIF: MEDIUM	LO: 1.3 The Private Enterprise System	
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ESSAY

13. Define profit. Explain why you agree or disagree with the following statement: "The success of a business is measured only by the profit it earns."

ANS:

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

DIF: HARD LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: C

14. Describe technology as a capital source.

ANS:

Technology is a broad term that refers to such machinery and equipment as computers and software, telecommunications, and inventions designed to improve production. Information, frequently improved by technological innovations, is another critical factor because both managers and operating employees require accurate, timely information for effective performance of their assigned tasks. Technology plays an important role in the success of many businesses. Sometimes technology results in a new product, such as hybrid autos that run on a combination of gasoline and electricity. Most of the major car companies have introduced hybrid models in recent years.

DIF: MEDIUM LO: 1.2 What Is Business?
Pg. 6 AACSB: Analytic BT: K

15. Explain how consumers benefit from business competition.

ANS:

Competition forces a business that wants to continue to be profitable to constantly find acceptable ways to satisfy customers' needs. Customers benefit from new products, more services, and more economical strategies and operations that are continuously offered by firms as they strive for customer acceptance. These tactics often bring lower prices, better quality, and more convenience to the customers. The ability to buy more raises the standard of living, increases demand, and subsequently creates more jobs.

DIF: HARD LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: C

16. List and describe the four basic rights in the private enterprise system.

ANS:

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

DIF: HARD LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

17. List the six eras of business history. Name and describe the era used by businesses today.

ANS:

The six eras are the Colonial period, the Industrial Revolution, the age of industrial entrepreneurs, the production era, the marketing era, and the relationship era. Today's era, the relationship era, focuses on taking a long-term approach to relationships with customers. Firms seek ways to gain customer loyalty by managing each transaction.

DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: C

18. Explain how business owners enhance productivity by building connections with their customers in the relationship era.

ANS:

In the relationship era, businesses are taking a different, longer-term approach to their interactions with customers. Firms now seek ways to actively nurture customer loyalty by carefully managing every interaction. They earn enormous paybacks for their efforts. A company that retains customers over the long haul reduces its advertising and sales costs. Because customer spending tends to accelerate over time, revenues also grow. Companies with long-term customers often can avoid costly reliance on price discounts to attract new business, and they find that many new buy-

ers come from loyal customer referrals. Because it is much less expensive to serve existing customers than to find new ones, businesses that develop long-term customer relationships can reduce their overall costs. Long-term relationships with customers enable businesses to improve their understanding of what customers want and prefer from the company. As a result, businesses enhance their chances of sustaining real advantages through competitive differentiation.

DIF: HARD LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: C

19. Explain the difference between transaction management and relationship management.

ANS:

Building and promoting products with the hope that the sales will cover costs and earn an acceptable profit is known as transaction management. Actively promoting long-term relationships with customers by carefully managing each interaction is known as relationship management. Potential benefits of relationship management include higher revenues and lower marketing expenses.

DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: C

20. Briefly describe the Industrial Revolution and its contribution to the evolution of business.

ANS:

The Industrial Revolution began in England around 1750. It moved business operations from an emphasis on independent, skilled workers who specialized in building products one by one to a factory system that mass-produced items by bringing together large numbers of semiskilled workers. The factories profited from the savings created by large-scale production, bolstered by increasing support from machines over time. As businesses grew, they could often purchase raw materials more cheaply in larger lots than before. Specialization of labor, limiting each worker to a few specific tasks in the production process, also improved production efficiency.

Influenced by these events in England, business in the United States began a time of rapid industrialization. Agriculture became mechanized, and factories sprang up in cities. During the mid-1800s, the pace of the revolution was increased as newly built railroad systems provided fast, economical transportation. In California, for example, the combination of railroad construction and the gold rush fueled a tremendous demand for construction.

DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

21. Explain how e-business has created a new type of strategic alliance among companies.

ANS:

An e-business strategic alliance enables online companies, such as Amazon.com or Overstock.com, to work with traditional retail stores for the benefit of both companies. Traditional companies bring their merchandise and knowledge of distribution, whereas online companies provide increased opportunities for sales and additional return on their dollars.

DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: C

22. Describe how the aging population in the United States and abroad directly affects changes in the workforce.

ANS:

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

DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: C

23. What are the advantages of a diverse workforce?

ANS:

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

DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Diversity BT: K

24. Describe offshoring and related trends.

ANS:

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

DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

25. Explain the new employer-employee relationship in business.

ANS:

Many firms now recognize the value of a partnership with employees that encourages creative thinking, problem solving, and innovation. Managers are being trained to listen to and respect employees, and companies routinely share financial data and reward employees with benefits, such as stock options. Additionally, employees often receive training geared toward career advancement. Employees are no longer likely to remain with a single company throughout their entire careers and do not necessarily expect lifetime loyalty from the companies they work for. They do not expect to give that loyalty either. Instead, they build their own careers however and wherever they can.

DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: C

26. Define the term vision. Why is vision an important skill today?

ANS:

Vision is the ability to perceive marketplace needs and what an organization must do to satisfy them. Vision and the ability to turn ideas into action enhance a firm's chances of success.

DIF: EASY LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: C

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

ANS:

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

DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: C

28. Describe critical thinking and creativity and why they are important qualities for the 21st century manager.

ANS:

Critical thinking is the ability to analyze and assess information to pinpoint problems or opportunities. The critical-thinking process includes activities such as determining the authenticity, accuracy, and worth of information, knowledge, and arguments. It involves looking beneath the surface for deeper meaning and connections that can help identify critical issues and solutions. Without critical thinking, a firm may encounter serious problems. Creativity is the capacity to develop novel solutions to perceived organizational problems. Although most people think of it in relation to writers, artists, musicians, and inventors, that is a very limited definition. In business, creativity refers to the ability to see better and different ways of doing business. A computer engineer who solves a glitch in a software program is executing a creative act.

DIF: MEDIUM LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

29. Explain how business ethics differs from social responsibility.

ANS:

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

DIF: MEDIUM LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: C

MULTIPLE CHOICE

30. Which of the following are organized for profit and provide goods and services?

a.	businesses
b.	public schools

c.	government
d.	churches

ANS: a DIF: EASY LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

31. All of the following statements are correct **EXCEPT**:

a.	Successful businesses seek to meet their social and ethical responsibilities.
b.	Business provides goods and services necessary to an economic system.
c.	Business is the economic pulse of a nation.
d.	Business includes nonprofit organizations that provide services to the public.

ANS: d DIF: MED LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

32. In accounting terms, profits are _____.

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

ANS: a DIF: EASY LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

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

a.	revenues
b.	generated income
c.	profits
d.	sales

ANS: c DIF: MED LO: 1.1 What Is Business?
Pg. 4 AACSB: Ethics BT: K

34. _____ is essential because it serves as a primary incentive for people to start companies, expand them, and provide consistently high-quality competitive goods and services.

a.	Vision
b.	Profit
c.	Market research
d.	Philanthropy

ANS: b DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

35. All of the following are businesses **EXCEPT** _____.

a.	U.S. Postal Service
b.	UPS
c.	FedEx
d.	AOL Time Warner

ANS: a DIF: EASY LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

36. All of the following are typically part of the not-for-profit sector **EXCEPT** _____.

a.	labor unions
b.	religious organizations
c.	hotels
d.	museums

ANS: c DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

37. A public-sector not-for-profit organization would include which of the following?

a.	library
b.	museum
c.	charitable group
d.	labor union

ANS: d DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

38. The factors of production in an economic system are _____.

a.	land, rent, capital, and human resources
b.	capital, perseverance, natural resources, and human resources
c.	rent, wages, interest, and profit
d.	natural resources, human resources, capital, and entrepreneurship

ANS: d DIF: MEDIUM LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

39. Timber Trails, a Northwest lumber company, utilizes _____ as its primary production factor.

a.	human resources
b.	entrepreneurship
c.	capital
d.	natural resources

ANS: d DIF: MEDIUM LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

40. Donovan Corporation's sources of capital can include all of the following **EXCEPT** _____.

a.	cash dividends declared by Donovan's board of directors and paid to the stockholders
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b.	investments from stockholders
c.	reinvested profits
d.	investments from venture capitalists

ANS: a DIF: MED LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

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

a.	profits
b.	wages
c.	capital
d.	interest

ANS: c DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Technology BT: K

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

a.	entrepreneurship
b.	natural resources
c.	capital
d.	human resources

ANS: d DIF: MEDIUM LO: 1.2 Factors of Production
Pg. 6 AACSB: Technology BT: K

43. The human resources of a firm refer to _____.

a.	everyone over 18 years of age
b.	everyone who works for the business
c.	full-time employees
d.	top management

ANS: b DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

44. Tarek, a former middle manager from Alexander Manufacturing, owns and operates a Subway franchise. Tarek is demonstrating _____.

a.	social responsibility
b.	socialism
c.	entrepreneurship
d.	pure competition

ANS: c DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

45. Businesses that operate in an environment where success or failure is determined by how well they match and counter the offerings of competitors are operating under _____.

a.	the private enterprise system
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b.	a social democracy
c.	a monopoly
d.	socialism

ANS: a DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

46. Capitalism is founded on _____.

a.	the social changes that followed the Industrial Revolution
b.	the idea that 80 percent of the nation's wealth should be owned by no more than 20 percent of the people
c.	the belief that competition among business firms best serves the needs of society
d.	the idea that the government must own all factors of production

ANS: c DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

47. In his book *The Wealth of Nations*, the Scottish economist Adam Smith was the first person to describe _____.

a.	socialism
b.	communism
c.	capitalism
d.	entrepreneurship

ANS: c DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

48. By offering a lifetime warranty on its products, Warner Electronics has set itself apart from its competition. This difference is known as Warner Electronics' _____.

a.	private enterprise system
b.	competitive differentiation
c.	capitalism
d.	natural resources

ANS: b DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

49. When Greenlawn Inc. finds itself losing contracts because Lo-Price Lawn Co. charges less money, Greenlawn responds by lowering its bids. This reaction demonstrates _____.

a.	the invisible hand of competition
b.	collision
c.	the right to private property

d.	social responsibility
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ANS: a DIF: MED LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

50. Namesh recently sold his Ford Taurus to a personal friend. Namesh's sale of his automobile illustrates the right to _____.

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

ANS: b DIF: MED LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

51. All of the following are basic rights within a private enterprise system **EXCEPT** _____.

a.	private property
b.	guaranteed profits
c.	freedom of choice of investment
d.	freedom of choice of employment

ANS: b DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

52. The right to profit means the _____.

a.	risk taker is guaranteed the right to all profits (after taxes) that are earned by the business
b.	right to go into or out of business at any point and for any reason
c.	government will guarantee a profit
d.	right to all benefits resulting from the ownership of property

ANS: a DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

53. Which of the following is considered to be the most fundamental right of the private enterprise system?

a.	the right to private property
b.	the right to guaranteed profits
c.	freedom of choice
d.	the right to fair competition

ANS: a DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

54. Citizens in a private enterprise system have the right to choose their employment, purchases, and investments, illustrating their right to _____.

a.	private property
b.	credit

c.	profit
d.	freedom of choice

ANS: d DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

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

a.	fair competition
b.	permit price discrimination
c.	select from among a variety of goods and services
d.	own property

ANS: b DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

56. Which of the following is a benefit of entrepreneurship?

a.	low risk
b.	flexibility
c.	guaranteed profit
d.	reduced competition

ANS: b DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

57. In colonial society, real economic and political power was centered in _____.

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

ANS: c DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

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

ANS: c DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

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

ANS: a DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

a.	marketing era
b.	colonial era
c.	relationship era
d.	age of industrial entrepreneurs

ANS: d DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

a.	relationship era
b.	marketing era
c.	Industrial Revolution
d.	production era

ANS: d DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

62. Which of the following **BEST** distinguishes the philosophy of the marketing era from the philosophy of the production era?

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

ANS: a DIF: MED LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

a.	consumer orientation
b.	self-sufficiency concept
c.	work ethic

d.	production concept
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ANS: a DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

64. The concept of branding first emerged during the _____.

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

ANS: d DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

65. Blogs and social networking use _____ to manage relationships.

a.	strategic alliances
b.	marketing research
c.	technology
d.	business etiquette

ANS: c DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

66. Technology has resulted in all of the following **EXCEPT** _____.

a.	product obsolescence
b.	the creation of new industries
c.	the opening of new business opportunities
d.	less business efficiency

ANS: d DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

67. Concentrating on building and promoting products in hopes that enough customers will buy them in order to cover costs and earn acceptable profits is called _____.

a.	relationship management
b.	marketing management
c.	a strategic alliance
d.	transaction management

ANS: d DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

68. Nurturing customer loyalty by gathering knowledge of customer needs and preferences is an approach known as _____.

a.	relationship management
b.	transaction management
c.	a strategic alliance
d.	marketing management

ANS: a DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

69. A partnership is _____.

a.	a category of relationship management
b.	an affiliation of two or more companies
c.	not common in the e-business world
d.	the same as transaction management

ANS: b DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

70. Apple iPods sold on Amazon's Web site signify the formation of a _____ to increase profits.

a.	transaction alliance
b.	brand partnership
c.	strategic alliance
d.	marketing agreement

ANS: c DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

71. Which of the following statements is **NOT** correct?

a.	Workers change jobs less frequently today.
b.	The size of the labor pool is decreasing.
c.	The U.S. population is getting older.
d.	The U.S. population is becoming more diverse.

ANS: a DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17AACSB: Analytic BT: K

72. The number of people age 65 and over will _____ by 2030.

a.	decrease by approximately 10 percent
b.	double
c.	increase by approximately 50 percent
d.	increase by approximately 10 percent

ANS: b DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

73. Diverse employee teams tend to perform _____ and develop _____ than do homogenous employee groups.

a.	less effectively; better solutions
b.	more effectively; better solutions
c.	less effectively; worse solutions
d.	more effectively; worse solutions

ANS: b DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Diversity BT: K

74. Outsourcing _____.

a.	reduces the diversity of the workforce
b.	can make a firm more competitive
c.	increases staffing requirements
d.	increases costs

ANS: b DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

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

a.	outsourcing
b.	branding
c.	multitasking
d.	shrinking

ANS: a DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

76. When Google opened offices in Tokyo, London, and Sydney, they were utilizing _____ by relocating business activities to lower-cost locations overseas.

a.	nearshoring
b.	outsourcing
c.	offshoring
d.	employee sourcing

ANS: c DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

77. The work-comes-first lifestyle can, at times, be exemplified by:

a.	Baby Boomers
b.	Generation X
c.	Generation Y
d.	The EU

ANS: a DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

78. The new employer-employee partnership has led to all of the following **EXCEPT** _____.

a.	increased job security
b.	sharing of financial information with employees
c.	increased emphasis on listening to and respecting employees
d.	helping employees improve skills and knowledge

ANS: a DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

79. When a U.S. company contracts work to Mexico, it is _____.

a.	nearshoring
b.	nearsourcing
c.	exproting
d.	offshoring

ANS: a DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Communication BT: K

80. For today's managers, which of the following is **LEAST** important?

a.	the ability to work by strict rules
b.	vision
c.	critical thinking skills
d.	creativity

ANS: a DIF: EASY LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

81. _____ is the ability to perceive marketplace needs and what an organization must do to satisfy these needs.

a.	critical thinking
b.	social responsibility
c.	vision
d.	creativity

ANS: c DIF: EASY LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

82. Emily works for a pharmaceutical company and gives a presentation on the need to expand the company's geriatric division within the next ten years. Emily is helping to establish the company's _____.

a.	creativity
b.	productivity
c.	vision
d.	critical thinking

ANS: c DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

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

a.	critical thinking
b.	social responsibility
c.	creativity
d.	vision

ANS: c DIF: EASY LO: 1.6 The 21st-Century Manager

Pg. 20 AACSB: Analytic BT: K

84. Restating issues in reverse, such as naming ways to lose customers, is a method of developing _____.

a.	critical thinking
b.	social responsibility
c.	vision
d.	creativity

ANS: a DIF: MEDIUM LO: 1.6 The 21st-Century Manager

Pg. 20 AACSB: Analytic BT: K

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

a.	critical thinking skills
b.	vision
c.	social responsibility
d.	creativity

ANS: d DIF: MEDIUM LO: 1.6 The 21st-Century Manager

Pg. 20 AACSB: Analytic BT: K

86. Alejandro is seeking to revitalize his graphic design company with new innovations and has called a brainstorming meeting with his top designers. Alejandro is practicing _____.

a.	vision
b.	productivity
c.	critical thinking
d.	creativity

ANS: d DIF: MEDIUM LO: 1.6 The 21st-Century Manager

Pg. 20 AACSB: Analytic BT: K

87. Feedback from customers is an example of a(n) _____ that requires organizational change.

a.	internal force
b.	external force
c.	change agent
d.	marketing issue

ANS: b DIF: MEDIUM LO: 1.6 The 21st-Century Manager

Pg. 20 AACSB: Analytic BT: K

88. Which of the following is **NOT** an example of an internal force that requires organizational change?

a.	labor union demands
b.	production problems
c.	new technologies
d.	new company goals

ANS: c DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

89. _____ refers to standards of conduct and moral values of a firm.

a.	creativity
b.	business ethics
c.	a social audit
d.	social responsibility

ANS: b DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

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

a.	business ethics
b.	social responsibility
c.	customer satisfaction
d.	creativity

ANS: b DIF: MEDIUM LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

91. When management adheres to a set of standards involving the right and wrong actions arising in the work environment, management is practicing _____.

a.	social responsibility
b.	business ethics
c.	social welfare
d.	creativity

ANS: b DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

92. When management’s decisions align with social and economic issues, the company is practicing _____.

a.	creativity
b.	business ethics
c.	social welfare
d.	social responsibility

ANS: d DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

93. Social responsibility would include all of the following **EXCEPT** _____.

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

d.	making contributions to the local public radio station
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ANS: c DIF: MEDIUM LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

TRUE/FALSE

94. Large corporations are defined as businesses, whereas small companies are more of an investment.

ANS: F DIF: EASY LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

95. Companies are not required to be ethical to succeed in the long run.

ANS: F DIF: EASY LO: 1.1 What Is Business?
Pg. 4 AACSB: Ethics BT: K

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

ANS: F DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Ethics BT: K

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

ANS: F DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

98. Not-for-profit organizations are commonly exempt from federal, state, and local taxes.

ANS: T DIF: MEDIUM LO: 1.1 What Is Business?
Pg. 4 AACSB: Analytic BT: K

99. All factors of production are found in equal amounts in all businesses.

ANS: F DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

100. Capital includes money, machines, tools, buildings, and human resources.

ANS: F DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

101. Natural resources are linked to the factor payment of rent.

ANS: T DIF: MEDIUM LO: 1.2 Factors of Production

Pg. 6 AACSB: Analytic BT: K

102. Technology is considered to be capital.

ANS: T DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Technology BT: K

103. Technology and capital are considered two separate factors of production.

ANS: F DIF: MEDIUM LO: 1.2 Factors of Production
Pg. 6 AACSB: Technology BT: K

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

ANS: F DIF: EASY LO: 1.2 Factors of Production
Pg. 6 AACSB: Analytic BT: K

105. Entrepreneurship is synonymous with 'risk-taking.'

ANS: T DIF: MEDIUM LO: 1.2 Factors of Production
Pg. 6 AACSB: Technology BT: K

106. The private enterprise system encourages government intervention.

ANS: F DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

107. The private enterprise system is enhanced by maximized government participation.

ANS: F DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

108. Adam Smith's "invisible hand" refers to the battle among businesses for consumer acceptance.

ANS: T DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

109. The private enterprise system is also referred to as capitalism.

ANS: T DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

110. Private property is considered the most important right in the private enterprise system.

ANS: T DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

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

ANS: T DIF: MEDIUM LO: 1.3 The Private Enterprise System

Pg. 8 AACSB: Analytic BT: K

112. When the government sets ground rules for competitive activity, the intent is to increase freedom of choice for consumers.

ANS: T DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

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

ANS: F DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

114. Competitive differentiation is discouraged in order for a business' success.

ANS: F DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

115. Finding unique ways to use the factors of production is a common characteristic of most entrepreneurs.

ANS: T DIF: MEDIUM LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

116. Entrepreneurs are very conservative and usually invest only in sure winners.

ANS: F DIF: EASY LO: 1.3 The Private Enterprise System
Pg. 8 AACSB: Analytic BT: K

117. During the Industrial era, the focus was on agriculture and other rural activities.

ANS: F DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

ANS: F DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

ANS: T DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

120. One factor that led to the Industrial Revolution was the mechanization of agriculture.

ANS: T DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

121. A key element of the production era was the use of consumer research.

ANS: F DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

122. Assembly lines were introduced during the production era.

ANS: T DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

123. In consumer orientation, a company creates a product first, and then determines if the consumer will likely purchase the product.

ANS: F DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

124. The Nike swoosh is an example of a brand.

ANS: T DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

125. The current philosophy among managers today is best described as transaction management.

ANS: F DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

126. Transaction management was introduced during the industrial era.

ANS: F DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

127. Technology has revolutionized business communications.

ANS: T DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

128. Relationship management refers to ongoing, mutually beneficial ties between a company and its vendors.

ANS: F DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

129. It is predicted that technology will completely eliminate all cubicle jobs.

ANS: F DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

130. Relationship management concentrates on short-term interactions with customers.

ANS: F DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

131. The number of companies forming partnerships and strategic alliances has grown in recent years.

ANS: T DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

132. Amazon is an example of a successful e-business.

ANS: T DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Technology BT: K

133. Assume Motorola and Microsoft work on developing a new cell phone that also is a PDA. This is an example of a strategic alliance.

ANS: T DIF: MEDIUM LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

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

ANS: T DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

135. A strategic alliance is a partnership formed to create competitive advantage for the businesses involved.

ANS: T DIF: EASY LO: 1.4 Six Eras in the History of Business
Pg. 12 AACSB: Analytic BT: K

136. Managers are beginning to recognize the different needs of workers of different ages.

ANS: T DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

137. During the next few years, the average age of the workforce is expected to increase.

ANS: T DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

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

ANS: F DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

139. Hispanics and Asians represent the fastest growing segments of the U.S. population.

ANS: T DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

140. Research indicates that work teams consisting of a diverse group of individuals often are more productive than less diverse work teams.

ANS: T DIF: MEDIUM LO: 1.5 Today's Business Workforce

Pg. 17 AACSB: Diversity BT: K

141. Even with advances in management and communications, manufacturing still accounts for most of the annual output in the United States.

ANS: F DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

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

ANS: T DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

143. Today, workers are much less likely to remain with the same employer throughout their entire careers.

ANS: T DIF: EASY LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

144. The new employer-employee relationship requires firms to establish rigid rules to govern employee activities.

ANS: F DIF: MEDIUM LO: 1.5 Today's Business Workforce
Pg. 17 AACSB: Analytic BT: K

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

ANS: T DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

146. Critical thinking skills and creativity are essential qualities for today's managers.

ANS: T DIF: EASY LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

147. Not all people have creative skills.

ANS: F DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

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

ANS: F DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

149. Physical exercise releases endorphins, which can help a manager come up with creative ideas.

ANS: T DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

150. Mental exercises like brainstorming often foster creativity.

ANS: T DIF: EASY LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

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

ANS: F DIF: MEDIUM LO: 1.6 The 21st-Century Manager
Pg. 20 AACSB: Analytic BT: K

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

ANS: T DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

153. Participating in not-for-profit programs is an example of exhibiting social responsibility.

ANS: T DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K

154. By supporting local charities, a firm is demonstrating social responsibility.

ANS: T DIF: EASY LO: 1.7 What Makes a Company Admired?
Pg. 22 AACSB: Ethics BT: K