

Miles owns a small cafe. In order to acquire the tools and ingredients he needs to prepare drinks and food, Miles needs

natural resources.

economics.

factors of production.

labor.

capital.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 35 Miles owns a small cafe....

Ed is a retail entrepreneur in a country that promotes the individual right to own property, earn profits, make decisions about business operations, and choose a career. Which system best describes Ed's business environment?

mixed economy

supply market

capitalist

free enterprise

socialist

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 58 Ed is a retail entrepreneur...

What activity would be the most likely to be replaced by artificial intelligence (AI)?

presenting financial data to stockholders

packing products in a warehouse to ship to customers

creating the implementation plan for a marketing campaign

providing counseling to a person who has experienced a trauma

teaching a high school math class

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Analytical Thinking

Difficulty : 3 Hard

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 99 What activity would be the...

Countries such as China and Russia have used state capitalism to advance the economy.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 06 Countries such as China and...

Egalitarianism refers to the

restriction of competition in small businesses by government regulations.

exemption of taxes for successful businesses.

concept of the rich getting richer and the poor getting poorer.

equal distribution of income and social services.

restrictions on taking up nongovernment jobs.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 51 Egalitarianism refers to the...

_____ is often called the father of capitalism.

George Washington

Adam Smith

Alexander Hamilton

Benjamin Franklin

Karl Marx

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 54 _____ is often called the...

What are the two *primary* factors economists consider when evaluating the American economy?

government regulation and profitability

standard of living and consumer confidence

growth in the tax base and unemployment

growth in GDP and jobs

national debt and budget deficits

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 93 What are the two primary...

Rajib has responsibility for the functions of organizing, staffing, planning, and controlling activities in a large nonprofit. These functions are most closely associated with

investment advisors.

assembly line workers.

stockbrokers.

managers.

direct sales executives.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Functions of Management

Source : Chapter 01 Test Bank > MC Qu. 25 Rajib has responsibility for the...

What competitive environment exists when there is only one business providing a product in a given market?

an oligopoly

pure competition

modified competition

a monopoly

monopolistic competition

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 74 What competitive environment exists when...

What is useful in fighting inflation?

increasing the money supply

decreasing the interest rate on loans to member banks

buying security

lowering the reserve rate of funds banks must hold in reserve

raising interest rates

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 102 What is useful in fighting...

Advertising, personal selling, coupons, and sweepstakes are elements included in the _____ aspect of marketing activities.

place

product

distribution

promotion

price

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : The Marketing Mix

Source : Chapter 01 Test Bank > MC Qu. 28 Advertising, personal selling, coupons, and...

How are profits handled in communist systems?

Excess income goes to the government.

Profits earned by small businesses may be reinvested in the business.

Individuals are free to keep profits after paying taxes.

Businesses are free to keep profits after paying taxes.

Only profits from government-owned industries go to the government.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 44 How are profits handled in...

The American economic system is best described as _____ because the government regulates business to preserve competition and to protect consumers and employees.

socialism

pure capitalism

laissez-faire capitalism

communism

modified capitalism

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : Define Entrepreneurship

Source : Chapter 01 Test Bank > MC Qu. 107 The American economic system is...

What is the primary goal of all businesses? Does a nonprofit organization fit within this goal?

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : manual

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > ES Qu. 108 What is the primary goal...

A budget deficit occurs when a nation

has no national debts.

reduces its expenditures.

spends more than it takes in from taxes.

receives excess taxes.

balances taxes and expenditures.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-06 Specify why and how the health of the economy is measured.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 86 A budget deficit occurs when...

Manu lives in Australia, where business owners can determine how to operate their own businesses. There is some regulation, but overall Manu has the freedom to make his own choices. Manu's government operates as a free-enterprise system.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 07 Manu lives in Australia, where...

Gwyneth lives in a country where income and social services are distributed equally among its citizens. However, the citizens must pay high taxes and the country often experiences high levels of unemployment. Gwyneth most likely lives in a(n) _____ nation.

free-enterprise

socialist

capitalist

supply and demand

communist

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 50 Gwyneth lives in a country...

Explain the relationship between supply and demand in a free-enterprise system.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > ES Qu. 111 Explain the relationship between supply...

All economic systems must address three important issues, one of which is how the goods and services will be distributed to consumers.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 05 All economic systems must address...

When different businesses promote similar products that differ in some characteristics but satisfy the same consumer need, the competitive environment is most likely to be

socialist.

an oligopoly.

pure competition.

monopolistic competition.

a monopoly.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 69 When different businesses promote similar...

_____ is/are an example of a product of monopolistic competition.

Pharmaceuticals

Wheat

Automobiles

Corn

Soft drinks

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 70 _____ is/are an example of...

What form of economic system is currently in decline and has an uncertain future?

free enterprise

state capitalism

communism

socialism

capitalism

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 65 What form of economic system...

When you pay to have food delivered or to receive a haircut at a salon, you are not receiving a product in return for your purchase.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Classification of Products

Source : Chapter 01 Test Bank > TF Qu. 01 When you pay to have...

In which market structure do individual businesses have control over their products' price because each business supplies a large portion of the products sold in the marketplace?

equilibrium market

oligopoly

monopoly

government-granted monopoly

monopsony

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 75 In which market structure do...

Name at least two benefits of studying business. In which field of business do you think you would like to work? Why?

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Reflective Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : manual

Learning Objective : 01-03 Explain why studying business is important.

Topic : Definition of Business

Source : Chapter 01 Test Bank > ES Qu. 109 Name at least two benefits...

What is a benefit of blockchain technology?

It allows products to be activated at the point of sale.

It can resolve predictable business activities.

It can collect environmental data and imagery.

No single authority can make changes to fit their needs.

It makes computers act like humans.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 64 What is a benefit of...

Which statement is true about GDP as a measure of a country's economic health?

It essentially takes into account the concept of GDP in relation to population.

It does not include profits earned by foreign companies within the country being measured.

It includes profits from companies' overseas operations.

It does not include the services produced in a country.

It measures only those goods and services made within a country.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-06 Specify why and how the health of the economy is measured.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 85 Which statement is true about...

A small town encourages individuals to own and operate the majority of businesses, but its national government passes laws to enforce fair business practices such as labor laws, antitrust legislation, and laws against deceptive advertising. This is an example of

pure capitalism.

laissez-faire capitalism.

modified capitalism.

communism.

socialism.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 56 A small town encourages individuals...

A firm's _____ resources are also known as labor.

economic

financial

intangible

human

natural

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 34 A firm's _____ resources are...

What is true regarding an oligopoly?

The prices charged by different firms vary widely, since each firm can charge whatever it wants.

In oligopolies, it is inexpensive for new firms to enter the marketplace.

Prices charged by different firms stay fairly close because a price cut or increase by one company will trigger a similar response from another company.

Since there are very few businesses selling the product, there is no need to ever change the price.
Prices never change because the government has set the products' price.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 76 What is true regarding an...

What does the American government do to counteract economic contraction?

It raises the reserve rate of banks.

It sells securities through the Federal Reserve Board.

It decreases its own spending for goods and services.

It decreases the money supply.

It reduces interest rates.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 101 What does the American government...

All the groups that have an interest in an organization's success and outcomes are known as the organization's
stakeholders.
owners.
shareholders.

agencies.

investors.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 18 All the groups that have...

While ethical behavior can enhance a company's reputation, it often has a negative effect on the company's financial performance.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 10 While ethical behavior can enhance...

Billie sells locally grown produce at the town farmers market. This weekend, she only has twenty cartons of strawberries to sell, and she's selling them for \$8 apiece. This illustrates the concept of

the equilibrium quantity.

the equilibrium point.

demand.

market distribution.

supply.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu. 61 Billie sells locally grown produce...

Supply chain management is part of the _____ aspect of business.

finance

economic

competition

marketing

management

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 31 Supply chain management is part...

Which country is an example of an economic system based on capitalism?

India

Sweden

China

Australia

Russia

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 57 Which country is an example...

The period following the American Industrial Revolution was known for an increasing emphasis on

services.

manufacturing.

agriculture.

information.

artisanship.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Technology

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 97 The period following the American...

Define business ethics. Describe the role of ethics and social responsibility in business.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : The Ethical Concerns that Affect Business

Source : Chapter 01 Test Bank > ES Qu. 113 Define business ethics. Describe the...

What is true in a socialist economy?

Competition is restricted in basic industries.

Demand and supply have no role to play in the pricing of products and services.

Everyone works for government organizations.

The government owns all businesses, large and small.

Consumers have no choice of goods and services.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 47 What is true in a...

According to Adam Smith, competition

prevents low prices.

increases demand.

fosters efficiency.

mitigates growth.

increases prices.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 67 According to Adam Smith, competition...

Competition refers to the

innovation that results from multiple companies occupying the same market.

rivalry among businesses for consumers' dollars.

tension in the marketplace that results from multiple companies selling similar products of differing quality.

rivalry among businesses for prestige in their market.

tension in the marketplace that results from multiple companies selling identical products.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 89 Competition refers to the...

Callie works for a veterinary clinic, and Destiny is a customer who brings her dog in for his regular checkups. Callie is a _____ stakeholder in the clinic, and Destiny is a _____ stakeholder.

primary; primary

secondary; secondary

secondary; recipient

primary; recipient

primary; secondary

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 26 Callie works for a veterinary...

When Jacki's favorite brand of mixed nuts went on sale, she bought several packages to stock up. This relates to which element of supply and demand?

profit

supply

equilibrium

demand

product availability

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu. 63 When Jacki's favorite brand of...

Keila creates handmade woodworking pieces, including picture frames that she sells for \$30 each. Last month, she created ten frames and received orders for all ten at that price, which is the _____ price.

equilibrium

discount

maximum retail

competitive

bundled

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu. 60 Keila creates handmade woodworking pieces,...

_____ describe(s) how a particular society distributes its resources to produce goods and services.

A labor system

An economic system

A legal framework

The factors of production

A political ideology

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 39 _____ describe(s) how a particular...

The study of how resources are distributed for the production of goods and services within a social system is referred to as

public relations.

sociology.

economics.

investment management.

operations management.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 33 The study of how resources...

One way to reduce the national debt is to increase both taxes and government spending.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-06 Specify why and how the health of the economy is measured.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 09 One way to reduce the...

In Germany, most citizens are able to afford basic necessities and some degree of comfort. This means Germany has a(n)

low standard of living.

high cost of living.

high standard of living.

average standard of living.

low GDP per capita.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 90 In Germany, most citizens are...

The quantity of goods and services that consumers are willing to buy at different prices at a specific time is referred to as

gross domestic product.

the balance of payments.

supply.

demand.

the market quantity.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu. 59 The quantity of goods and...

Increased unemployment can reduce consumer demand for goods and services, leading to a recovery.

inflation.

a budget surplus.

deflation.

economic expansion.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 84 Increased unemployment can reduce consumer...

Generally, when a retailer announces a discount sale on all its products, what happens?

Consumers will demand fewer products than usual.

The store will not supply more products than it normally does.

Consumers will not demand more than usual.

Consumers will demand more products.

The manufacturer will halt production.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu. 62 Generally, when a retailer announces...

What is true of economic expansion?

There is a decline in spending.

Consumer spending is low and business output is sharply reduced.

The standard of living rises because more people are employed and have money to spend.

The prices stagnate during this period.

There is a decline in production, employment, and income.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 80 What is true of economic...

Which statement is true regarding a socialist system of economy?

All economic decisions are made without government intervention.

Individuals own and operate all businesses that provide goods and services.

Competition, supply, and demand determine which goods and services are produced and how they are produced.

Consumers have no choice of goods and services.

Central planning determines what basic goods and services are produced.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 49 Which statement is true regarding...

Contractions of the economy lead to

inflation.

an increase in production.

an increase in income.

rising levels of employment.

recession.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 83 Contractions of the economy lead...

Which of these is an intangible product?

a pair of shoes

a bag of pet food
a bottle of shampoo
a basketball game
a bottle of vitamins

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Classification of Products

Source : Chapter 01 Test Bank > MC Qu. 13 Which of these is an...

The equilibrium price is represented by the point where a product's supply and demand curves intersect.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > TF Qu. 08 The equilibrium price is represented...

An entrepreneur has been primarily associated with the willingness to
possess a government job.
take risks.
be conservative.

change employers frequently.

work under authority.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : Define Entrepreneurship

Source : Chapter 01 Test Bank > MC Qu. 106 An entrepreneur has been primarily...

Alexander hired an attorney to help him draft a purchase and sale agreement for his new home. The home is an example of a product that is a(n)

idea.

service.

process.

tangible item.

intangible good.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Classification of Products

Source : Chapter 01 Test Bank > MC Qu. 14 Alexander hired an attorney to...

Every month, a local nursery posts a video on X that provides tips on how best to care for your plants at that time of year, with the hope that the videos will boost the sales of gardening supplies. Every person who shares the video is automatically entered into a sweepstakes for a \$25 gift card. These are examples of

personal selling.

direct retail.

publicity.

advertising.

sales promotion.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : The Marketing Mix

Source : Chapter 01 Test Bank > MC Qu. 29 Every month, a local nursery...

Before the Industrial Revolution, the economy of North America under the colonists was characterized by

a scarcity of natural resources.

dependence on England for everyday goods.

the export of manufactured goods to England.

a hunter/gatherer society.

farming and self-sufficiency.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 94 Before the Industrial Revolution, the...

_____ is an economic system in which the government owns and operates basic industries such as utilities, health care, and banking, but individuals can own businesses.

Egalitarianism

Capitalism

Utilitarianism

Collectivism

Socialism

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 48 _____ is an economic system...

Who subscribes to the ideals of a communist economy as proposed by Karl Marx?

Helen believes that the government should own only basic industries, like utilities and the postal service, and that individuals should own most small businesses.

Oksana thinks that a society runs better when people have an unlimited choice of careers and the government stays out of small business ownership.

Otis believes that in a society, people should contribute according to their ability and receive benefits according to what they need.

Les believes that supply and demand should determine what goods and services are produced and that business owners should be able to keep the profits they make.

Javid believes that profits earned by a small business should be reinvested in the business and that profits earned by the government should remain with the government.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 40 Who subscribes to the ideals...

What is a characteristic of economic depression?

Individuals' incomes increase at the same pace as rising prices.

Business output is sharply reduced.

Consumer spending is high.

Unemployment levels are low or almost absent.

Buying power of consumers is quadrupled.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 81 What is a characteristic of...

The market for cotton has a large number of sellers and buyers, and there is no difference in the products sold by each seller. As a result, prices are determined by the

agricultural industry.

businesses that sell the cotton.

consumers that buy the cotton.

government.

forces of supply and demand.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 73 The market for cotton has...

_____ includes the methods and processes of creating applications to solve problems, perform tasks, and make decisions.

Open economy

Technology

Artificial intelligence

Enablement

Digital economy

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 88 _____ includes the methods and...

Becki works on the marketing team for a company releasing a new line of ski gear. The company is timing the release of the products so they'll hit stores in the fall, before the ski season starts. Which element of the marketing mix is reflected in this choice?

promotion

price

partnership

product

place

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : The Marketing Mix

Source : Chapter 01 Test Bank > MC Qu. 20 Becki works on the marketing...

Businesses differ from nonprofit organizations in that a business's focus is on profit.

price.

fund-raising.

charity.

goods.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 12 Businesses differ from nonprofit organizations...

What change occurred in the United States during the Industrial Revolution?

Trade within the country decreased as regions became self-sufficient.

Farm production decreased as industrial production increased.

Fewer goods were available, and prices of goods increased.

As work became more localized, productivity decreased.

Farmers began to move to cities to find jobs in factories.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 95 What change occurred in the...

The focus of all marketing activities is the successful transformation of resources into goods and services.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Skills Needed to be Successful in Business

Source : Chapter 01 Test Bank > TF Qu. 03 The focus of all marketing...

In 1872, who developed a catalog that included 10,000 items that could be shipped by train?

Marshall Field

Alexander Turney Stewart

Richard Warren Sears

Rowland Macy

Aaron Montgomery Ward

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Technology

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 96 In 1872, who developed a...

Economic expansion occurs when

employment levels decline over time.

a nation's standard of living drops dramatically.

an economy is growing and people are spending more money.

fewer goods and services are produced than consumer demand.

prices begin to rise and incomes begin to fall.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 78 Economic expansion occurs when...

What emerged in the United States as a result of industrialization?

price regulation by planning commissions

government ownership of business

emphasis on manufacturing goods and providing services

low standard of living

increase in the number of farmers

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 100 What emerged in the United...

Decisions regarding product adoption, development, branding, and positioning fall under which element of the marketing mix?

promotion

price

distribution

place

product

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : The Marketing Mix

Source : Chapter 01 Test Bank > MC Qu. 30 Decisions regarding product adoption, development,...

Business ethics generally refers to

creating value for stakeholders.

doing what is socially responsible for the community.

following the standards and principles used by society to define appropriate and inappropriate conduct in the workplace.

adhering to a company code of conduct.

following all laws and regulations set forth by the government.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Ethics

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : The Ethical Concerns that Affect Business

Source : Chapter 01 Test Bank > MC Qu. 103 Business ethics generally refers to...

Which communist country was the first to make strong economic gains by adopting capitalist approaches to business?

Cuba

India

Thailand

Japan

China

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 43 Which communist country was the...

Once businesses moved toward manufacturing goods and providing services, American businesses became more concerned with the needs of the consumer, evolving into a(n) _____ economy.

production

service

profit-oriented

marketing

indigenous manufacturing

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Technology

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > MC Qu. 98 Once businesses moved toward manufacturing...

What would hinder business activity as it relates to an open economy?

a focus on efficiency and productivity

too much regulation of business activities

participating in international trade

a focus on innovation

too much reliance on technology

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 92 What would hinder business activity...

Which of these is a tangible product?

a dentist appointment

a football game

a computer

a manicure

a club membership

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Classification of Products

Source : Chapter 01 Test Bank > MC Qu. 15 Which of these is a...

Nima is an entrepreneur who decided to start an online store selling items that she knits and crochets. Since all her business will be done online and she creates the items at home, she is saving building and other brick-and-mortar costs that allow her to pass these savings on to her customers. Reducing prices to customers is an element of

efficiency.

productivity.

competition.

equilibrium pricing.

resource distribution.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 68 Nima is an entrepreneur who...

If a country balances the money it spends for social, defense, and other programs with the amount of money it takes in from taxes, this country

will have a trade imbalance.

will have a budget surplus.

will slip into a recession.

will not have a budget deficit.

will increase its national debt.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Reflective Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-06 Specify why and how the health of the economy is measured.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 87 If a country balances the...

What is true of an open economy, like that of the United States?

Open economies lack access to technology.

Open economies tend to lack efficiency and productivity.

Open economies tend to grow more quickly.

Open economies discourage innovation.

Open economies do not engage in international trade.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

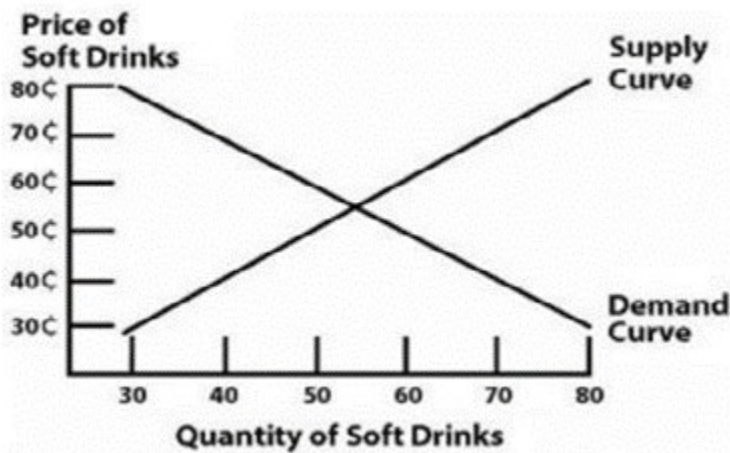
Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 91 What is true of an...

Using the supply and demand curves shown in the graph that follows, what is the equilibrium price for soft drinks?



50 cents

35 cents

55 cents

75 cents

45 cents

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : The Forces of Supply and Demand

Source : Chapter 01 Test Bank > MC Qu.66 Using the supply and demand...

In practice, what is a common characteristic of communist economies?

low standards of living

absence of corruption

surpluses of consumer goods

excessive freedom

low prices

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 42 In practice, what is a...

An automobile company is working to find a way to produce the SUVs and trucks its customers want while meeting environmental requirements and making a profit. This is an effort to please multiple

priorities.

businesses.

stakeholders.

clients.

shareholders.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 19 An automobile company is working...

Among the major activities of business, which is an element of management?

engage in personal selling

promote sales

develop resources

conduct product research

obtain financing

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Skills Needed to be Successful in Business

Source : Chapter 01 Test Bank > MC Qu. 21 Among the major activities of...

Differentiate between communist, socialist, and capitalist economic systems.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > ES Qu. 110 Differentiate between communist, socialist, and...

Erika is the owner of a small business. She has an HR person, an operations manager, a marketing manager, and a sales manager on staff. Who is primarily responsible for providing financial resources for the business?

the sales manager

the marketing manager

Erika, the owner

the operations manager

the HR person

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Definition of Business

Topic : The Advantages and Disadvantages of Small Business Ownership

Source : Chapter 01 Test Bank > MC Qu. 22 Erika is the owner of...

What is true of ethics in business?

Businesses do not need to consider social values in the contemporary scenario.

Business misconduct is likely to be widely excused if it enhances firms' profits.

Investors remain unaffected in case of scandals.

Ethical conduct is linked to increased profits.

Businesses' reputations depend solely on their profits.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Ethics

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Ethical Concerns that Affect Business

Source : Chapter 01 Test Bank > MC Qu. 104 What is true of ethics...

Which of these is a natural resource?

people

minerals

money

labor

capital

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : The Factors of Production

Source : Chapter 01 Test Bank > MC Qu. 37 Which of these is a...

What is associated with a decline in spending?

employment boom

job expansion

economic expansion

economic contraction

inflation

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 82 What is associated with a...

The factors of production are the

systems and processes used to make goods and services.

management, marketing, and finance activities of a business.

means of distributing wealth within a country.

land, labor, capital, and enterprise used to produce goods and services.

obstacles present in a competitive environment that limit production.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : The Factors of Production

Source : Chapter 01 Test Bank > MC Qu. 36 The factors of production are...

Describe the pre-industrial economic phase of the United States.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : manual

Learning Objective : 01-07 Outline the evolution of the American economy.

Topic : The Evolution of Business

Source : Chapter 01 Test Bank > ES Qu. 112 Describe the pre-industrial economic phase...

What is true regarding the responsibilities of the people involved in a business?

The finance department is concerned with acquiring, developing, and using human resources effectively and efficiently.

The marketing team handles all activities concerned with obtaining money for the firm and using it effectively.

The managers of a business are not involved in the day-to-day functions of production and manufacturing.

The managers of nonprofit organizations conduct all kinds of business operations except collecting funds.

The primary responsibility of providing financial resources for the operation of the business lies with the business owners.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 23 What is true regarding the...

Why do students benefit from studying business?

Business classes typically provide information about high-level concepts rather than concrete, practical information.

Business classes typically cost less than liberal arts or science classes.

Business degrees are the only degrees that consistently lead to higher earning potential.

Studying business can help students prepare for their career, regardless of what type of industry they work in.

Studying business is particularly useful for entry-level positions.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 2 Medium

Evergreen Release : New 2025

Gradable : automatic

Learning Objective : 01-03 Explain why studying business is important.

Topic : Skills Needed to be Successful in Business

Source : Chapter 01 Test Bank > MC Qu. 24 Why do students benefit from...

Which statement about businesses and profits is accurate?

Profit-making is a business activity that seldom requires risk taking.

Earning profits contributes to society by creating resources that support social institutions and government.

U.S. businesses do not have the right to use their profits the way they choose.

Profit-making businesses often weaken the economy of a country.

Ignoring the interests of stakeholders is the best way for a business to be profitable.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 16 Which statement about businesses and...

Walt owns a farm and sells his goods at a local farmers market. Although he sells beef like the grocery store chains in the area, he has some power over the price he charges because he can offer consumers features they want. For instance, his cows are pasture-raised. This is an example of

oligopoly.

monopoly.

pure competition.

monopolistic competition.

competition.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 71 Walt owns a farm and...

_____ is the primary goal of business.

Quality

Service

Strategy

Profit

Innovation

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 11 _____ is the primary goal...

How does modified capitalism differ from pure capitalism?

In modified capitalism, the government relies on individuals to regulate all aspects of business, including passing laws.

In pure capitalism, the government intervenes and regulates all business.

In pure capitalism, the government intervenes and regulates basic industries only.

In modified capitalism, the government doesn't intervene or regulate business at all.

In modified capitalism, the government intervenes and regulates business to some extent.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 55 How does modified capitalism differ...

Following a dry season, the prices of agricultural commodities in Brazil have increased dramatically, as have the prices of products manufactured from agricultural commodities. Government intervention has failed to arrest the rising prices. Based on this information, Brazil is experiencing

an economic readjustment.

inflation.

deflation.

a depression.

an economic contraction.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 77 Following a dry season, the...

_____ gather information and conduct research to determine what customers want. They also plan and develop products and make decisions about how much to charge for their products and when and where to make them available.

Marketers

Engineers

Supervisors

Operations Managers

Accountants

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : The Marketing Mix

Source : Chapter 01 Test Bank > MC Qu. 27 _____ gather information and conduct...

Which economic system is considered a command economy?

communism

free-market

capitalism

laissez-faire market

private enterprise

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 41 Which economic system is considered...

Several employees in a well-known corporation were arrested for intentionally selling defective truck parts to their customers. Scandals like this

undermine public confidence in corporations.

cause society to boycott corporations.

resolve the debate about ethics in business.

have a positive effect on other employees of the corporation.

do not affect public confidence in corporations.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Ethics

Difficulty : 3 Hard

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-08 Explain the role of the entrepreneur in the economy.

Topic : The Ethical Concerns that Affect Business

Source : Chapter 01 Test Bank > MC Qu. 105 Several employees in a well-known...

What is true of a capitalist economic system?

Consumers have a limited choice of goods and services.

There is little scope for competition.

The majority of people possess government jobs.

Prices of goods and services are determined by supply and demand.

The government owns and operates all businesses.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 53 What is true of a...

Which of these is an intangible resource?

company reputation

financial assets

physical and mental abilities of people

economic capital

land and water

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 38 Which of these is an...

What is true of a free-market system?

Central government planning determines what goods and services satisfy citizens' needs.

Laissez-faire capitalism is absent.

Egalitarianism is the norm.

All economic decisions are made without government intervention.

Most businesses are owned and operated by the government.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 52 What is true of a...

Which statement regarding nonprofit organizations is accurate?

They have the fundamental goal of growing market share.

They provide goods but not services.

They utilize skills related to management, marketing, and finance.

They have a responsibility to shareholders to earn money.

They do not include social causes.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-01 Define basic concepts such as business, product, profit, and economics.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 17 Which statement regarding nonprofit organizations...

Learning about business can help you become a well-informed consumer and member of society.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-03 Explain why studying business is important.

Topic : Skills Needed to be Successful in Business

Source : Chapter 01 Test Bank > TF Qu. 04 Learning about business can help...

Viveca is living on a fixed income since her retirement. She is worried that the economy is expanding too rapidly, which could result in _____ and a rise in prices.

an economic contraction

a recession

inflation

a depression

deflation

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Key Economic Indicators and How they Affect Business

Source : Chapter 01 Test Bank > MC Qu. 79 Viveca is living on a...

What is true of product availability in a communist system?

Consumers have no choice in the goods and services that are offered.

Consumers have a wide choice of services but not goods.

Consumers have a limited choice of both goods and services.

Consumers have a wide choice of goods, but they are expensive.

Consumers have a limited choice of goods, but they are inexpensive.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 45 What is true of product...

In which economic system do most people work for government-owned industries or farms?

free-enterprise

socialist

capitalist

libertarian

communist

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Understand

Business Competency : Analytical Thinking

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Compare the four types of economic systems.

Topic : Economics and the Types of Economic Systems

Source : Chapter 01 Test Bank > MC Qu. 46 In which economic system do...

Lester is an accountant for a large corporation. As such, he participates primarily in _____ activities.

marketing

financial

advertising

operations

management

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Apply

Business Competency : Knowledge Application

Difficulty : 1 Easy

Evergreen Release : Updated 2025

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Definition of Business

Source : Chapter 01 Test Bank > MC Qu. 32 Lester is an accountant for...

The issuance of stocks and bonds is a marketing activity for a company.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Identify the main participants and activities of business.

Topic : Skills Needed to be Successful in Business

Source : Chapter 01 Test Bank > TF Qu. 02 The issuance of stocks and...

What exists when there are many small businesses selling one standardized product, such as agricultural commodities like wheat, corn, and cotton?

a monopoly

an oligopoly

pure competition

imperfect competition

monopolistic rivalry

Question Details

Accessibility : Screen Reader/Keyboard/CC

Bloom's : Remember

Business Competency : Analytical Thinking

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the role of supply, demand, and competition in a free-enterprise

Topic : Competition

Source : Chapter 01 Test Bank > MC Qu. 72 What exists when there are...

Answer Key

Test name: Ch1_Business A Changing World _13e

E

Financial resources, or capital, are the funds used to acquire the natural and human resources needed to provide products.

D

This scenario illustrates free enterprise. For free enterprise to work, individuals and businesses must have the right to own property and pass it on to heirs; earn profits and use those profits as they wish; make decisions that determine the way the business operates; and choose their career, location, what goods and services to purchase or produce, what resources to use in the production process, and so on.

B

Artificial intelligence (AI) relates to machine (computer) learning that is able to perform activities and tasks that usually require human intelligence such as decisions, visual perception, and speech recognition. AI is moving rapidly across business functions because it can resolve predictable business activities. AI has the potential to make the world more efficient in predictable, physical work such as assembly lines, food preparation, packaging, welding, and other repetitive tasks.

TRUE

D

Socialist economies profess egalitarianism—equal distribution of income and social services.

B

The modern free-market system was first described by Adam Smith in *The Wealth of Nations* in 1776. Smith, often called the father of capitalism, believed that the "invisible hand of competition" best regulates the economy.

D

When looking at the American economy, growth in GDP and jobs are the two primary factors economists consider. A positive relationship exists between a country's employment rate and economic growth. A nation's output depends on the amount of labor used in the production process, so there is also a positive correlation between output and employment. In general, as the labor force and productivity increase, so does GDP.

D

Managers plan, organize, staff, and control the tasks required to carry out the work of the company or nonprofit organization.

D

A monopoly exists where there is just one business providing a product in a given market.

E

When the economy expands so fast that inflation results, the government may intervene to reduce inflation by slowing down economic growth. This can be accomplished by raising interest rates to discourage spending by businesses and consumers.

D

Marketing focuses on the four Ps, which include product, price, place, and promotion. Advertising, personal selling, sales promotion, and publicity are part of the promotion aspect of marketing.

A

In communist systems, excess income goes to the government. See Reference Table 1-1. in your eBook by using the eBook button in the resources area.

E

This is an example of modified capitalism. In this system, the government intervenes and regulates business to some extent.

Essay

The primary goal of businesses is to earn a profit—the difference between what it costs to make and sell a product and what a customer pays for it. Nonprofit organizations differ from businesses since they do not have the fundamental purpose of earning profits. Nonprofit organizations, such as the Feeding America, the United Way, and other charities and social causes, may provide goods or services and engage in fund-raising, but it is not with the intent of earning profits. Businesses, on the other hand, try to earn a profit by providing products that satisfy people's needs.

C

An important indicator of a nation's economic health is the relationship between its spending and income (from taxes). When a nation spends more than it takes in from taxes, it has a budget deficit.

TRUE

B

This is an example of a socialist nation. Socialist economies profess egalitarianism, or equal distribution of income and social services, claiming this creates a more stable economy. However, taxes and unemployment are generally higher in socialist countries.

Essay

In the United States and in other free-enterprise systems, the distribution of resources and products is determined by supply and demand. Demand is the number of goods and services that consumers are willing to buy at different prices at a specific time, while supply is the number of products that businesses are willing to sell at different prices at a specific time. Consumers are usually willing to buy more of an item as its price falls because they want to save money. A business, on the other hand, is willing to supply more of a good or service at higher prices since its potential for profit is higher. The relationship between supply and demand is constantly changing in response to changes in economic conditions, availability of resources, and degree of competition.

TRUE

D

Monopolistic competition exists when there are fewer businesses than in a pure competition environment and the differences among the goods they sell are small. These products differ slightly in packaging, warranty, name, and other characteristics, but all satisfy the same consumer need.

E

Aspirin, soft drinks, and vacuum cleaners are examples of products of monopolistic competition. These products differ slightly in packaging, warranty, name, and other characteristics, but all satisfy the same consumer need.

C

As a result of economic challenges, communism is declining and its future as an economic system is uncertain.

FALSE

Most people associate the word product with tangible goods—an automobile, for example. However, a product can also be a service, which occurs when people or machines provide or process something of value to customers.

B

An oligopoly exists when there are very few businesses selling a product. In an oligopoly, individual businesses have control over their products' price because each business supplies a large portion of the products sold in the marketplace.

Essay

Studying business can help you develop skills and acquire knowledge to prepare for your future career, regardless of whether you plan to work for a multinational Fortune 500 firm, start your own business, work for a government agency, or manage or volunteer at a nonprofit organization. The field of business offers a variety of interesting and challenging career opportunities such as marketing, human resources management, information technology, finance, production, accounting, data analytics, and more. Studying business can also help you better understand the many business activities that are necessary to provide satisfying goods and services—and that these activities carry a price tag.

D

Blockchain is a decentralized record-keeping technology that stores linked blocks of ordered transactions over time. The distinguishing feature of a blockchain is the ordered rules of how the data go into the database. No single authority can make changes to fit their needs. Artificial intelligence (AI) makes computers act like humans and can resolve predictable business activities. Radio-frequency identification (RFID) chips allow products to be activated at the point of sale. Drones can collect environmental data and imagery.

E

GDP measures only those goods and services made within a country and therefore does not include profits from companies' overseas operations.

C

This is an example of modified capitalism. In this system, the government intervenes and regulates business to some extent. One way a government can regulate business is through laws. In the United States, laws such as the Federal Trade Commission Act, which created the Federal Trade Commission to enforce competition and consumer protection, illustrate the importance of the government's role in the economy.

D

Human resources, or labor, refer to the physical and mental abilities that people use to produce goods and services.

C

An oligopoly exists when there are very few businesses selling a product. In an oligopoly, individual businesses have control over their products' price because each business supplies a large portion of the products sold in the marketplace. Nonetheless, the prices charged by different firms stay fairly close because a price cut or increase by one company will trigger a similar response from another company.

E

When the economy is contracting and unemployment is rising, the federal government through the Federal Reserve Board tries to spur growth so that consumers will spend more money and businesses will hire more employees. To accomplish this, it may reduce interest rates or increase its own spending for goods and services.

A

Groups that have a stake in the success and outcomes of a business are called stakeholders.

FALSE

E

Supply is the number of products that businesses are willing to sell at different prices at a specific time. In general, because the potential for profits is higher, businesses are willing to supply more of a good or service at higher prices.

E

Management involves organization, teamwork, and communication. Supply chain management, which includes procurement, operations, and logistics, is also important.

D

The United States, Canada, Japan, and Australia are examples of economic systems based on capitalism.

B

Industrialization brought increased prosperity, and the United States gradually became a manufacturing economy.

Essay

Business ethics refers to the standards and principles used by society to define appropriate and inappropriate conduct in the workplace. In many cases, these standards have been codified as laws prohibiting actions deemed unacceptable. Society is increasingly demanding that businesspeople behave socially responsibly toward their stakeholders. Ethical behavior can not only enhance a company's reputation but can also drive profits. There is growing recognition that the long-term value of conducting business in an ethical and socially responsible manner that considers the interests of all stakeholders creates superior financial performance.

A

In socialist systems, competition is restricted in basic industries but encouraged in small business. See Reference Table 1-1. in your eBook by using the eBook button in the resources area.

C

According to Adam Smith, competition fosters efficiency and low prices by forcing producers to offer the best products at the most reasonable price; those who fail to do so are not able to stay in business. Thus, competition should improve the quality of the goods and services available and reduce prices.

B

Competition, the rivalry among businesses for consumers' dollars, is another vital element in free enterprise.

A

Primary stakeholders, who are absolutely necessary for a firm's survival, include customers, employees, suppliers, and investors. Secondary stakeholders have an indirect relationship with the company, so they are not essential for a firm's survival; these include the media, trade associations, and special-interest groups.

D

Demand is the number of goods and services that consumers are willing to buy at different prices at a specific time. Consumers are usually willing to buy more of an item as its price falls because they want to save money.

A

The equilibrium price is defined as the price at which the number of products that businesses are willing to supply equals the number of products consumers are willing to purchase at a specific point in time.

B

An economic system describes how a particular society distributes its resources to produce goods and services. A central issue of economics is how to fulfill an unlimited demand for goods and services in a world with a limited supply of resources.

C

Economics is the study of how resources are distributed for the production of goods and services within a social system.

FALSE

In order to reduce the debt to a manageable level, the government either has to increase its revenues (raise taxes) or reduce spending on social, defense, and legal programs.

C

Standard of living refers to the level of wealth and material comfort that people have available to them. The United States, Germany, Australia, and Norway all have a high standard of living, meaning that most of their citizens are able to afford basic necessities and some degree of comfort.

D

Demand is defined as the number of goods and services that consumers are willing to buy at different prices at a specific time.

D

Rising unemployment levels tend to stifle demand for goods and services, which can have the effect of forcing prices downward, a condition known as deflation.

D

Consumers are usually willing to buy more of an item as its price falls because they want to save money.

C

Economic expansion occurs when an economy is growing and people are spending more money. Their purchases stimulate the production of goods and services, which in turn stimulates employment. The standard of living rises because more people are employed and have money to spend.

E

In socialist systems, competition is restricted in basic industries but encouraged in other businesses. Central planning determines what basic goods and services are produced, how they are produced, and how they are distributed. Individuals and small businesses provide other goods and services based on consumer demand and the availability of resources.

E

Contractions of the economy lead to recession—a decline in production, employment, and income.

D

Most people associate the word *product* with tangible goods. However, a product can also be an intangible good (such as e-books or software) or a service, which occurs when people or machines provide or process something of value to customers. Some examples of services include dry cleaning, a checkup by a doctor, and a movie or sports event.

TRUE

B

An entrepreneur is an individual who risks money, time, and effort to develop for profit an innovative product or way of doing something.

D

A home is a tangible product.

E

Marketers use promotion—advertising, personal selling, sales promotion (coupons, games, sweepstakes, movie tie-ins), and publicity—to communicate the benefits and advantages of their products to consumers and increase sales. Nonprofit organizations also use promotion.

E

Prior to the colonization of North America, Native Americans lived as hunter/gatherers and farmers. The colonists who came later operated primarily as an agricultural economy. People were self-sufficient and produced everything they needed at home.

E

Socialism is an economic system in which the government owns and operates basic industries, including the postal service, telephone, utilities, transportation, health care, banking, and some manufacturing. However, individuals own most businesses.

C

In Karl Marx's view of an ideal communist system, everyone contributes according to ability and receives benefits according to need. In a communist economy, the people own and operate all businesses and factors of production, but they are allocated through the government.

B

A severe recession may turn into a depression in which unemployment is very high, consumer spending is low, and business output is sharply reduced, such as what occurred in the United States in the early 1930s.

E

Because no one business sells enough agricultural commodities to influence the price and there are no differences among the commodities, prices are determined solely by forces of supply and demand.

B

Technology includes the methods and processes of creating applications to solve problems, perform tasks, and make decisions. New technology associated with artificial intelligence enabled by big data and advanced computing systems is changing the way work is accomplished.

E

Marketing focuses on the four Ps—product, price, place (or distribution), and promotion—also known as the marketing mix. Distribution (or place) is an important management concern because it involves making sure products are available to consumers in the right place at the right time.

A

Businesses strive to earn profits; nonprofit organizations do not. Nonprofit organizations do not have the fundamental purpose of earning profits, although they may provide goods or services and engage in fund-raising.

E

During the Industrial Revolution, John Deere's farm equipment increased farm production and reduced the number of farmers required to feed the young nation. Farmers began to move to cities to find jobs in factories and a higher standard of living.

FALSE

E

Marketing advanced when Alexander Turney Stewart built one of the first department stores in the 1860s. Aaron Montgomery Ward developed a catalog with 10,000 items that could be shipped by train in 1872.

C

When people spend more money, it stimulates the production of goods and services, which in turn stimulates employment.

C

Industrialization brought increased prosperity, and the United States gradually became a manufacturing economy—one devoted to manufacturing goods and providing services rather than producing agricultural products.

E

Marketing focuses on the four Ps—product, price, place (or distribution), and promotion—also known as the marketing mix. Product management involves such key management decisions as product adoption, development, branding, and product positioning.

C

Business ethics generally refers to the standards and principles used by society to define appropriate and inappropriate conduct in the workplace. In many cases, these standards have been codified as laws prohibiting actions deemed unacceptable.

E

China was the first communist country to make strong economic gains by adopting capitalist approaches to business. Economic prosperity has advanced in China with the government claiming to ensure market openness, equality, and fairness through state capitalism.

D

Industrialization brought increased prosperity, and the United States gradually became a manufacturing economy—one devoted to manufacturing goods and providing services rather than producing agricultural products. Businesses became more concerned with the needs of the consumer and entered the marketing economy.

B

In today's global environment, the ability to harness technology is critical toward increased innovation. In contrast, research indicates a negative relationship between regulatory actions and innovation in firms, suggesting that too much regulation hinders business activities and their contribution to the American economy.

C

An automobile is a tangible product.

C

This scenario focuses on an element of competition: reducing prices. Competition allows for open markets and provides opportunities for both individuals and businesses to successfully compete. Entrepreneurs can discover new technology, ways to lower prices, and methods for providing better distribution of services. Nima can offer products at competitive prices by avoiding building and other brick-and-mortar costs.

D

If a country balances the money it spends for social, defense, and other programs with the amount of money it takes in from taxes, it is eliminating a budget deficit.

C

The American economy is an open economy, or an economy in which economic activities occur between the country and the international community. Open economies tend to grow faster than economies that do not engage in international trade.

C

The equilibrium price is where the supply and demand curves intersect.

A

On paper, communism appears to be efficient and equitable, producing less of a gap between rich and poor. In practice, however, communist economies have been marked by low standards of living, critical shortages of consumer goods, high prices, corruption, and little freedom.

C

This is an example of a company that is trying to please multiple stakeholders. New fuel requirements are forcing automakers to invest in smaller, lightweight cars. During times of low fuel prices, consumers tend to prefer bigger SUVs and trucks, putting more of a strain on automakers to meet environmental requirements as well as consumer demands.

C

Management is concerned with acquiring, developing, and using resources (including people) effectively and efficiently. It also involves developing plans, coordinating employees' actions to achieve the firm's goals, organizing people to work efficiently, and motivating them to achieve the business's goals.

Essay

- Karl Marx (1818–1883) first described communism as a society in which the people, without regard to class, own all the nation's resources. In his ideal political-economic system, everyone contributes according to ability and receives benefits according to need. In a communist economy, the people (through the government) own and operate all businesses and factors of production. Central government planning determines what goods and services satisfy citizens' needs, how the goods and services are produced, and how they are distributed. No true communist economy, however, exists today that satisfies Marx's ideal.
- Socialism is an economic system in which the government owns and operates basic industries—postal service, utilities, transportation, health care, and banking, and some manufacturing—but individuals own most businesses. Central planning determines what basic goods and services are produced, how they are produced, and how they are distributed, while individuals and small businesses provide other goods and services based on consumer demand and the availability of resources. Citizens are dependent on the government for many goods and services.
- Capitalism, or free enterprise, is an economic system in which individuals own and operate the majority of businesses that provide goods and services. Competition, supply, and demand determine which goods and services are produced, how they are produced, and how they are distributed.

C

It is the primary responsibility of the owners to provide financial resources in the form of owners' equity represented by common stock.

D

Ethical behavior can not only enhance a company's reputation but can also drive profits.

B

Land, forests, minerals, water, and other things that are not made by people are natural resources.

D

Economic contraction occurs when spending declines. Businesses cut back on production and lay off workers, and the economy as a whole slows down.

D

The factors of production consist of land, labor, capital, and enterprise used to produce goods and services.

Essay

Before the colonization of North America, Native Americans lived as hunter/gatherers and farmers, with some trade among tribes. The colonists who came later operated primarily as an agricultural economy. People were self-sufficient and produced everything they needed at home, including food, clothing, and furniture. Abundant natural resources and a moderate climate nourished industries such as farming, fishing, shipping, and fur trading. A few manufactured goods and money for the colonies' burgeoning industries came from England and other countries.

E

Although management and marketing have to deal with financial considerations, it is the primary responsibility of the owners to provide financial resources for the operation of the business.

D

Studying business can help you develop skills and acquire knowledge to prepare for your future career, regardless of whether you plan to work for a large corporation, start your own business, work for a government agency, or manage or volunteer at a nonprofit organization. The field of business offers a variety of interesting and challenging careers in marketing, human resources management, information technology, finance, production, accounting, data analytics, and more.

B

Earning profits contributes to society by creating resources that support our social institutions and government. Businesses that create profits, pay taxes, and create jobs are the foundation of our economy.

D

In monopolistic competition, businesses have some power over the price they charge because they can make consumers aware of product differences through advertising. Consumers value some features more than others and are often willing to pay higher prices for a product with the features they want. For instance, a farm stand that sells organic and locally grown fruit and vegetables may be able to charge more than a grocery chain.

D

The primary goal of all businesses is to earn a profit, the difference between what it costs to make and sell a product and what a customer pays for it.

E

In pure capitalism, all economic decisions are made without government intervention. Modified capitalism differs from pure capitalism in that the government intervenes and regulates business to some extent. One way the United States and Canadian governments regulate business is through laws.

B

Inflation is a condition characterized by a continuing rise in prices. Inflation can be harmful if individuals' incomes do not increase at the same pace as rising prices, thus reducing their buying power.

A

Marketing includes all the activities designed to provide goods and services that satisfy customers' needs and wants. Marketers gather information and conduct research to determine what customers want. They also plan and develop products and make decisions about how much to charge for their products and when and where to make them available.

A

In command economies, the government owns or controls the production of goods and services. Communism and socialism are, therefore, considered command economies.

A

Ethical misconduct undermines public confidence in corporations and creates debate about ethics in business. Misconduct by individuals in a firm has an adverse effect on employees, investors, and other stakeholders.

D

In capitalist systems, consumers have a wide choice of goods and services and prices are determined by supply and demand. See Reference Table 1-1. in your eBook by using the eBook button in the resources area.

A

A firm can have intangible resources such as a good reputation for quality products or being socially responsible.

D

In pure capitalism, also called a free-market system, all economic decisions are made without government intervention.

C

Nonprofit organizations, such as Feeding America and United Way, utilize skills related to management, marketing, and finance. However, nonprofit organizations do not have the fundamental goal of earning profits.

TRUE

Learning about business can help you become a well-informed consumer and member of society.

C

Rapid expansions of the economy may result in inflation, a continuing rise in prices. Inflation can be harmful if individuals' incomes do not increase at the same pace as rising prices, reducing their buying power.

C

In a communist system, consumers have a limited choice of goods and services; prices are usually high. See Reference Table 1-1. in your eBook by using the eBook button in the resources area.

E

In a communist system, people have little choice in choosing a career and most work for government-owned industries or farms. See Reference Table 1-1. in your eBook by using the eBook button in the resources area..

B

People who work as accountants, financial analysts, investment advisors, or bankers are all part of the financial world.

FALSE

C

Pure competition exists when there are many small businesses selling one standardized product, such as agricultural commodities like wheat, corn, and cotton.