

Student name: _____

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

Businesses seek to earn a profit by providing goods and services to others.

true

false

Revenue is the amount a business earns above and beyond what it spends for expenses and costs.

true

false

All businesses make a profit.

true

false

If a business' costs and expenses are greater than its revenue, it will suffer a loss.

true

false

Profits of a business include the salaries paid to the owners and employees of that business.

true

false

Any loss from a business will result in a bankruptcy.

true

false

An owner who closes a business to start a new one is reported as a bankruptcy by Industry Canada.

true

false

A firm can increase its profits by decreasing expenses and increasing its sales revenue.

true

false

Business expenses minus revenues equal profit.

true

false

The ABC Corporation generated total revenues of \$100 million dollars while incurring expenses of \$60 million. Therefore, during the year ABC Corp. earned a profit of \$40 million.

true

false

One of the elements of risk is the chance of a loss.

true

false

Profit is money a business earns over and above the money you pay yourself in salary and expenses.

true

false

The more money businesses create, the more is potentially available to improve the quality of life for everyone.

true

false

Stakeholders include customers, employees, stockholders, suppliers, dealers, bankers, government officials, and environmentalists.

true

false

By balancing the demands of customers and stockholders, businesses have actually satisfied the demands of all stakeholders.

true

false

Starting a business is a riskier path toward business success than working your way up the ranks of a large business.

true

false

Knowledge is one of the five factors of production that contributes to the creation of wealth.

true

false

Entrepreneurship is one of the five factors of production that contribute to the creation of wealth.

true

false

The social environment is not considered an element of the business environment.

true

false

The business environment typically changes very little over the decades.

true

false

Well-managed businesses will grow and prosper regardless of the business environment in which they operate.

true

false

High taxes and government restrictions help to encourage entrepreneurs by providing greater incentives for people to work hard and create profit.

true

false

Governments can decrease the risk of entrepreneurship by passing laws that enable business people to write contracts that are enforceable in court.

true

false

Corruption and illegal activities are expected in a capitalist system and can be beneficial.

true

false

Laws that allow businesses to write enforceable contracts decrease the risk of doing business.

true

false

The economy affects both businesses and consumers.

true

false

The movement of a country's currency relative to other currencies is not part of the economic environment.

true

false

Each business environment acts independently of any other environment.

true

false

Technology refers to innovations from applied science or engineering research.

true

false

E-business is mostly done with Web technologies.

true

false

E-commerce only covers one aspect of e-business.

true

false

Technology refers to everything that makes business operations more efficient and productive.

true

false

Technology affects people in a select number of industries.

true

false

Technology allows firms to be more responsive to their customers' wants and needs.

true

false

Social media marketing falls under the technological environment.

true

false

The B2C market consists of selling goods and services from one business to another.

true

false

The Internet is more important to business-to-business segment of e-commerce than to the business-to-consumer segment of e-commerce.

true

false

PIPEDA sets out how companies may collect, use and disclose personal information.

true

false

Crowdsourcing helps businesses to find solutions to challenges.

true

false

Federal privacy laws set out the ground rules for how public sector organizations may collect, use, or disclose personal information in the course of commercial activities.

true

false

The goal for many companies is zero defects in their products.

true

false

To remain competitive in today's market, firms must produce a high-quality product and offer outstanding service and products at competitive prices

true

false

Producing a high-quality product will ensure success in the competitive environment.

true

false

The competitive environment now empowers managers to make decisions quickly for their front-line employees.

true

false

Empowerment policies are supported by the restructuring an organization.

true

false

The goal of empowerment in the work environment is to give management more control over the actions of lower-level workers.

true

false

One way an organization can restructure to better meet the needs of customers is to train front-line people to make decisions within certain limits.

true

false

An example of a customer-driven organization is Disney amusement parks.

true

false

The statistical study of the human population to describe its size, age, gender, and income is known as demography.

true

false

Businesses use demographic studies to understand where people live, their lifestyles, and what they are likely to buy.

true

false

The baby-boom includes those people born from 1946 to 1964.

true

false

Generation Y is also known as Millennials.

true

false

Generation X is also known as Baby Boomers.

true

false

Most students are part of Generation Z.

true

false

The 20-34 age group is declining in Canada.

true

false

Companies will not have to respond to the trend of an aging population.

true

false

The portion of the Canadian population that is very young (0-14) is forecast to increase.

true

false

Population studies indicate that the percentage of elderly in Canada is likely to remain unchanged.

true

false

Demographic changes create new business opportunities.

true

false

Some observers feel that baby boomers will have a large impact on the economy even as they reach retirement age.

true

false

Baby boomers are those people born between 1965 and 1980.

true

false

The proportion of foreign-born in the Canadian population has been decreasing since the 1990s.

true

false

Canada's workforce is widely diverse.

true

false

Two important global environment changes in recent years have been the growth of global competition and free trade.

true

false

Manufacturers in China and India pose little threat to Canadian firms because they are unable to meet the quality levels demanded by Canadian and European consumers.

true

false

Global competition has decreased in recent years.

true

false

As businesses expand to serve global markets, new jobs will be created in the manufacturing and service industries.

true

false

World trade has grown in part because of the development of efficient distribution systems.

true

false

Saving energy is part of greening.

true

false

Climate change is not important to the international business community.

true

false

Greening impacts every type of business decision.

true

false

A continuously changing global environment creates a need for continuous learning.

true

false

Today, more than ever, Canadian businesses require more workers in industries that produce goods.

true

false

The number of Canadian jobs in manufacturing has increased in the past five years.

true

false

Manufacturing is no longer an important part of the Canadian economy.

true

false

The advice provided by a lawyer is an example of the service industry.

true

false

In Canada, the majority of jobs are generated in the services-producing sector.

true

false

Although employment in the service sector has increased rapidly in recent years, the vast majority of workers are still employed in the goods producing sector.

true

false

There are more high-paying jobs in the goods-producing sector than in the service sector.

true

false

Firms providing high-paying service jobs are found in areas like health care, telecommunications, and finance.

true

false

Even though many jobs have been lost in farming, the loss to society is minimal if wealth created by increased productivity and efficiency creates new jobs elsewhere.

true

false

The services producing sector employs almost 79 percent of the working population.

true

false

The continuing increase in the number of Canadian workers in the service sector means that more and more workers are employed in low-wage positions.

true

false

Samir is a financial planner who helps people find ways to save for retirement and lower their taxes. Samir is employed in the service sector of the economy.

true

false

After losing her manufacturing job in the Canadian automobile industry, Juanita has found that well-paid service sector jobs require retraining and further education.

true

false

The information-based global revolution will impact all sectors of the economy.

true

false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

Any activity that produces a good or provides a service to others, while operating at a profit, is considered a:

Charity

Business

Government

Retailer

Maintaining a _____ requires the combined efforts of businesses, non-profit organizations, and government agencies.

high quality of life

low level of risk

competitive advantage

outsourcing strategy

The term _____ refers to the amount of goods people can buy with the money they make from their business.

profitability

outsourcing

standard of living

entrepreneurship

_____ are all the people who stand to gain or lose by the policies and activities of a business.

Shareholders

Customers

Suppliers

Stakeholders

Pleasing all stakeholders is not easy and often calls for _____ that are not always acceptable to one or another stakeholder.

bribes

trade-offs

goods and services

social enterprises

A charitable organization, whose goals do not include making a personal profit for its owners or organizers, such as the Red Cross or the Salvation Army, is best classified as a:

government agency

good deed

small business

non-profit organization

Non-profit organizations are similar to businesses in that they often provide _____ that satisfy the needs of society.

goods and services

advice

human resources

shareholder profits

A lesson to learn from the story of Ron Joyce, who became a franchisee in the first Tim Hortons, is that to be a successful entrepreneur you need to find something that:

Will make you rich

You love to do

That is easy to do

Is a franchise

The two factors of production that are the most important for creating wealth are:

Capital and labour

Capital and knowledge

Entrepreneurship and capital

Entrepreneurship and knowledge

Taxes and anti-corruption laws are part of the _____ in which businesses operate.

social environment

economic environment

legal environment

competitive environment

The degree of entrepreneurship present is part of the:

Social environment

Global environment

Technological environment

Economic environment

_____ is the buying and selling of products and services by businesses and consumers over the Internet.

E-commerce

E-business

E-marketing

E-competition

_____ is the act of obtaining personal information about a person, and using that information for illegal purposes.

Social media marketing

Identity theft

Customer service

Database management

Which of the following factors DO NOT drive competition?

Power of buyers and suppliers

Existing competitors

Substitutes

Demographics

Successful firms follow a _____ strategy, as opposed to the management-driven strategy used in the past.

customer-driven

profit-driven

internet-driven

productivity-driven

A policy of _____ is when managers must train front-line employees to make decisions within certain limits, without the need to consult managers.

control

empowerment

freedom

supervision

Gen Z will soon be the _____ group of consumers in the world.

biggest

smallest

coolest

poorest

Approximately what percentage of immigrants come to Canada as skilled workers, skilled trades, and business immigrants?

25%

35%

45%

55%

A _____ refers to reusing, redistributing, refurbishing, and recycling products rather than disposing of them.

sustainability plan

waste management strategy

circular economy

global mindset

Saving energy and producing products that cause less harm to the environment is called:

Climate change

Greening

Recycling

LEED certification

Which of the following is NOT a goods-producing sector?

Manufacturing

Utilities

Agriculture

Education

_____ has increased productivity on farms, allowing for larger farms.

Working harder

Government assistance

Technology

Inflation

Despite the growth in the service sector, the service era is giving way to what new era?

Stone age

Information age

Intellectual age

Industrial age

A business is any activity that seeks to provide goods and services while operating:

machinery

revenue

at a profit

with social goals

A(n) _____ is a person who assumes the risk of starting and managing a business.

manager

entrepreneur

government official

stakeholder

A business incurs a _____ if its costs and expenses exceed its revenues.

loss

profit

debit

dividend

_____ is the chance an entrepreneur will lose the time and money invested in a business that proves to be unprofitable.

Depreciation

Risk

Fallibility

Redundancy

The total amount of money that businesses take in over a given period of time for selling goods and services is called:

profit

revenue

loss

retained earnings

The chance of loss is known as:

debt

bankruptcy

neglect

risk

As a business owner, the more risks you take, the:

greater the potential reward.

lower the expected revenues.

lower the value provided to society.

greater the number of stakeholders.

As a potential business owner, you need to _____ to find the right balance between risk and profit for you.

borrow money

take some chances

be cautious

do your research

Shelley recently opened a new restaurant specializing in fast foods prepared with less fat and calories for health-conscious diners who are in a hurry. Shelley knows that there are some risks associated with opening and managing a restaurant, but she is confident that she can earn a profit. Shelley is an example of a(n):

arbitrageur.

entrepreneur.

speculator.

account manager.

A key characteristic of entrepreneurs is that they:

are willing to accept the risks involved in starting and managing a business.

have a high level of scientific and technical expertise.

possess a great deal of personal wealth.

have experience in running large, complex organizations.

Making a new type of automobile involves:

the service economy

arbitrage

profits

high risk

Quality of life refers to:

the outsourcing of job functions.

the amount of good and services people can buy.

addressing the needs of all stakeholders when making a business decision.

the general well-being of a society.

Which of the following most likely explains why the price of certain goods in country A may be higher than the price of those same goods in Country B?

Country A has a lower profit margin than Country B.

Country A has higher tax rate and stricter government regulations.

Country A has multiple new stakeholders.

Country A does not enforce environmental regulations.

The customers, employees, stockholders, and financial institutions that can gain or lose by the policies and activities of a business represent the firm's:

market makers.

economic environment.

stakeholders.

social mentors.

Stakeholder types such as retailers, media, and customers can be best considered as:

primary.

secondary.

primary and secondary.

secondary and tertiary.

The challenge of this century is for organizations to balance, as much as possible:

macro and micro economic forces

profit vs non-profit

profits and losses

the needs of all stakeholders

Which of the following is NOT a stakeholder?

Government

Non-profit businesses

Employees

Customers

Offshoring entails:

sourcing parts outside of the country.

assigning various functions to outside organizations.

having a limited life.

being controlled by a board of directors.

Insourcing can be found in what industry, according to the text?

Retail sector

Non-profit sector

Automotive sector

Agriculture

In Canada, most of the offshoring that occurs is with what country?

China

India

The United States

England

Non-profit organizations do all of the following EXCEPT:

Contribute to welfare of society

Provide economic activity

Create jobs

Generate shareholder profit

What is a social entrepreneur?

An individual who has a goal of shareholder profit.

Any new business start-up with social goals.

An individual who uses business principles to start and manage a non-profit organization.

An individual working for a profit organization.

Non-profit organizations:

last for only short periods of time as their objective is not to create profits for their owners.

have a hard time hiring employees as they have no means of paying them.

are run for personal profit but not shareholder profit.

can provide an opportunity for individuals to address social issues.

There are two ways to succeed in business. One way is to rise up through the ranks of a large company. What is the other way?

Working for the government.

Working for a non-profit organization.

Working for a small business.

Starting a business.

The resources that contribute to the creation of wealth are known as:

production coefficients.

factors of production.

production technologies.

production aggregates.

Which of the following is a factor of production?

bonds

money

knowledge

service

Machines, tools, buildings, and other means of manufacturing are called:

capital goods.

labour.

equipment.

machinery.

As a factor of production, the term capital includes:

stocks and bonds issued by corporations.

natural resources such as land and water.

tools, machinery, and buildings.

services provided by the government that enable businesses to be more productive.

All of the following are factors of production, EXCEPT:

labour.

capital.

land.

money.

The two factors of production that seem to contribute the most to making countries rich are:

land and labour.

land and capital.

entrepreneurship and labour.

entrepreneurship and knowledge.

Mandeep has started up a new ride-share service. The vehicles that he has leased is an example of:

a natural resource.

intangible resources.

labour.

capital.

Which of the following is the most accurate statement about the impact of entrepreneurs?

Land is a more important factor of production than the impact of entrepreneurs.

Labour is the primary source of wealth today, followed by the impact of entrepreneurs.

Capital is the primary source of wealth today, followed by the impact of entrepreneurs.

Entrepreneurs, and the use of knowledge are the primary source of wealth today.

Which of the following factors of production is the most important contributing factor to increasing a nation's wealth?

Natural resources

Entrepreneurship

Labour

Capital

Which of the following is NOT considered a factor of production?

Laws

Land

Labour

Capital

Johnsonville is a small and poor nation, but its current president has a genuine desire to create more wealth for Johnsonville's citizens. The president has received recommendations from several of her advisors. Which of the following recommendations is likely to create the most wealth for Johnsonville?

acquire more land by invading a neighboring country that is even poorer and weaker than Johnsonville.

use foreign aid from other nations to purchase more tools and machinery.

establish a business environment that promotes and rewards entrepreneurship.

establish barriers to trade to protect Johnsonville businesses from foreign competition.

Good schools and good health care result from a foundation of the:

right business environment.

starting for-profit businesses.

controlling business environments.

resistance to change.

Lower tax rates tend to:

depress economic development.

limit a nation's tradable currency.

encourage entrepreneurship.

increase the amount of money created by the government.

In countries where businesses are government owned:

there is less incentive to work hard.

the right amount of each good is produced.

profits tend to be higher.

the quality of goods is high, but profits are low.

The _____ looks at income, expenditures, and resources that affect the cost of running a business.

technological environment

competitive environment

global environment

economic environment

One economic environmental factor of great importance to many businesses is:

the actions of non-profits

the movement of the Canadian dollar

stakeholder activities

entrepreneurship

Employers provide tools and technology for their employees in order to:

increase the cost of production and profitability.

improve their efficiency and productivity.

to reduce corruption in business and eliminate scandals.

encourage the private ownership of businesses.

The two main types of e-commerce are:

online and offline.

M2M and M2N.

wholesale and retail.

B2B and B2C.

Summit Gifts, Inc., is a firm that keeps information on its regular customers, including names, addresses, the types of gifts they have ordered in the past, and frequency of their orders. The electronic file in which this information is stored is an example of a:

spreadsheet.

MP3 file.

PERT file.

database.

Luna received a telephone call from her credit card company asking if she had just placed a large offshore order using her credit card. Luna indicated that she had not. The illegal use of Luna's credit card probably happened because Luna:

had loaned her credit card to a personal friend

had not used her credit card for many months

has made frequent on-line purchases, one in which identity theft occurred

had just been approved for a new credit card

The federal privacy law is known as what?

CITA

PIPEDA

SCEF

CRA

To be successful in today's markets, businesses must:

provide the greatest variety of products to consumers.

spend more money on marketing and less on production.

focus their resources on understanding economic cycles.

delight customers with a quality product at a good price and outstanding service.

Successful businesses are keenly focused on their:

customers

managers

creditors

bureaucrats

In the competitive environment, powerful buyers exist when there are:

few of them

high fixed costs

high switching costs

many distribution points

Business has changed over time, traditionally business was more focused on the product and how to sell it. Today business is more focused on:

quality and service.

reliability.

marketing.

production.

To be effective, empowerment will require lower-level workers to:

have more training.

accept less responsibility and lower wages.

receive less training.

have written policies regulating each aspect of their work.

Empowerment requires that managers focus more on _____ lower-level employees.

directly supervising

training

simplifying the jobs of

controlling

The statistical study of human population to learn its size, density, and characteristics is called:

psychographics

econometrics

demography

geometry

_____ provides information to businesses concerning where people live, what they buy, and how they spend their time.

Sociography

Econometrics

Demography

Anthropology

Individuals born in Canada between 1965 and 1976 are referred to as:

Baby Boomers

Echoes

Generation X

Diversity workers

People born in Canada between 1977 and 1994 are referred to as:

Baby Boomers.

Generation X.

Millennials.

Diversity workers.

According to statistics Canada, by 2036 what proportion of the population will be Generation Z?

1/4

1/3

1/2

2/3

The book *Boom Bust & Echo* economist David Foot suggests that _____ explains about two-thirds of everything, including what products will be in demand in five years.

demographics

knowledge

capital

E-commerce

The Canadian population has been _____ for several decades.

aging

declining

growing poorer

becoming more homogeneous

Birth rates have declined in Canada since when?

Mid-1950s

Mid-1960s

Mid-1970s

Mid-1980s

Those born from 1995 onward are known as what?

Baby Boomers.

Generation X.

Generation Y.

Generation Z.

By 2038, seniors will account for nearly what percentage of the Canadian population?

1/4

1/3

1/2

2/3

Businesses that cater to seniors will have what type of prospects?

good

bad

neutral

declining

Which of the following age groups is expected to grow in the future?

age 0-4

age 5-19

age 35-64

age 65 and above

Jill is looking into the possibility of opening up a for-profit seniors' centre in her community. However, she is concerned about the long-term prospects for such a business. Jill believes the future of her centre will depend on the growth of the senior population. This concern illustrates how businesses can be affected by:

econometric trends.

demographic trends.

holographic trends.

psychometric trend.

When looking at the global environment, one recent change has been:

centralized management

fast response theory

disenfranchisement

the growth of global competition

Globalization has greatly:

declined

hurt consumers

improved living standards around the world

reduced the number of jobs worldwide

Two important changes to the global environment of business in recent years are:

foreign exchange & free trade.

growth of international competition & free trade.

growth of international competition & low prices.

high quality goods & prices.

Few issues have captured the attention of the international business community more than:

profits

management change

demography

climate change

The trend toward saving energy and producing products that cause less harm to the environment is known as what?

foreign exchange

free trade

growth of international competition

greening

A circular economy refers to all of the following EXCEPT:

reusing

refurbishing

redistributing

reducing

Today's Canadian businesses require _____ workers in industries that produce goods.

more

fewer

Skilled

trained

Businesses that produce and sell tangible products such as wood, furniture, and clothing are part of the:

manufacturing sector.

knowledge-based sector.

service sector.

production sector.

Due to increased competition, many of the farms that existed 50 years ago have been replaced by what?

the manufacturing sector

larger farms

cities

the production sector

The loss of farm workers over the last 50 years is:

a negative sign

an indication of growing productivity

going to reverse in the future

a symptom of global competition

Health care, legal advice, transportation, and other intangible products are provided by the:

global sector

service sector

industrial sector

high-wage sector

About what percentage of Canadians are employed in the goods-producing sector?

12

21

42

62

In recent years, the fastest growing firms are in the _____ sector.

service

manufacturing

agricultural

telecommunications

Today, the leading firms are in:

services

auto

agricultural

production

The service-producing sector employs ____ percent of the working population

49

59

69

79

Appliance repair firms, tax consultants, law firms, and insurance companies are all business firms that are part of the:

production sector.

management sector.

neo-industrial sector.

service sector.

Which of the following describes a reason for the recent job growth in the service sector?

Large manufacturing firms seeking efficiency have contracted out an increasing number of services.

The Canadian economy has been growing over the past decade.

Offshoring has led to service industry.

There has been little change in the number of jobs in the service sector in recent years, however employment is expected to increase rapidly.

In order to survive in the service economy, graduates must:

remain flexible

have a high school diploma

train for specific manufacturing jobs

take accounting courses

Mark recently graduated with honours from his college. He has bragged to his friends that his fine academic performance has prepared him so well for a successful career that he can forget school or training in his future. In evaluating the workplace of the future, Mark is:

exactly right. His past performance should carry him to success.

completely wrong. Studies show that a college education has little to do with success.

overconfident. Global competition means that flexibility, finding out where jobs are being created, and moving when appropriate are important.

probably right. Specialized training today is a key to continued success in the future.

Certain sectors in the Canadian economy have experienced a significant decline in employment. Which of the following best explains this job loss in specific industries?

There has been a decline in the productivity of labour in these industries.

Workers lost these jobs because worker productivity in the sector increased.

The Canadian economy cannot compete in the global environment.

Government regulations have eliminated profit opportunities in these industries.

The new era of business is likely to be dominated by the:

agricultural sector.

information-based sector.

manufacturing sector.

continued decline in productivity.

_____ includes employee knowledge and skills that can be used to create new products, attract new customers, and increase profits.

Intellectual capital

Work experience

Quality craftsmanship

Intangible assets

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

Describe the difference between a good and a service.

Discuss the difference between the terms *standard of living* and *quality of life*.

Why has the service sector seen such tremendous growth?

List and briefly describe what is included in the six elements of the business environment.

Explain how currency movements impact the economic environment.

Summarize the relationship between risk and profit. What can a new business owner do to reduce risk?

What is meant by the expression 'quality of life'? How can businesses contribute to this concept?

List 5 of the various stakeholder groups and provide an example of how the needs to various stakeholders may conflict.

What is the difference between offshoring, outsourcing and insourcing?

Describe a non-profit organization. How do their goals differ from a traditional for-profit business?

What are the advantages of working for someone else compared to pursuing entrepreneurship?

List and provide examples of the five factors of production.

Explain how crowdsourcing can help a business and how it can be used by governments and citizens.

What is meant by 'barriers to entry' and how do they work? Give examples of such barriers.

Differentiate between Generation X, Y, and Z.

What evidence can you cite to support the position that Canada has a strong multicultural population?

What effect has technology had on Canadian agricultural industries?

Which factors of production should nations focus on if they wish to create more wealth?

Discuss how a potential business owner can find the right balance between risk and profit.

Is the creative destruction produced by technological innovation is a good or bad thing?

Explain the difference between e-commerce and e-business.

Briefly describe the different components of competition.

Discuss the different meanings for the term *sustainability* depending upon the context in which it is used.

Discuss how changes to the global environment may affect you as a student.

Answer Key

Test name: Ch1_Understanding Canadian Business_12e

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Too many risk MCs

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B

D

C

B

D

D

D

B

A

B

B

B

B

A

A

D

D

A

A

C

B

B

A

Short Answer

Goods are tangible products such as computers, food, clothing, cars, and appliances.

Services are intangible products (i.e., items that cannot be held in your hand) such as education, health care, insurance, recreation, and travel and tourism.

Short Answer

The term *standard of living* refers to the amount of goods and services people can buy with the money they have. Wages and prices for goods and services differ from one country to another, which affects what a person can buy with the same amount of money. The term *quality of life* refers to the general well-being of a society in terms of its political freedom, natural environment, education, health care, safety, amount of leisure, and rewards that add to the satisfaction and joy that other goods and services provide.

Short Answer

1. Technology:

Technological improvements have enabled businesses to reduce their payrolls while increasing their output. Since staffing has been downsized by many companies, business has become more complex and specialized companies have relied more heavily on outside services firms.

2. Growth in outsourcing

As large manufacturing companies seek to become more efficient, they contract out an increasing number of services, creating more opportunities for business people.

3. Social changes

Other service firms have risen or expanded rapidly to provide traditional services that used to be performed by women at home. Since many women have entered the workforce, there is increased demand for food preparation, child care, and household maintenance, to name just a few services.

Short Answer

See Figure 1.5

- The legal environment: Tax laws, contract laws, elimination of corruption
- The economic environment: Income and expenditures, currency shifts, economic systems
- The technological environment: Information and technology, databases, internet
- The competitive environment: Components of competition, customer-driven, organizational structure
- The social environment: Diversity, demographic changes, family changes
- The global environment: Surrounds all other environmental influences

Short Answer

The movement of a country's currency relative to other currencies also pertains to this environment. Currency movements are especially critical for countries that generate a great deal of business activity from exports, such as Canada. For instance, in the late 2000s the Ontario economy was negatively impacted as a result of the strong Canadian dollar, which surpassed parity with the U.S. dollar in the fall of 2007. The province lost tens of thousands of manufacturing jobs in just a few years as manufacturers shifted operations overseas. Some of the province's flagship employers, like General Motors, closed factories and trimmed production at other manufacturing facilities. The opposite is also true. For example, a lower Canadian dollar value relative to the U.S. dollar makes our exports cheaper and more attractive to the U.S. market, as consumers can buy more products with their higher-valued currency. What is the value of the Canadian dollar compared to other currencies today? How does it compare to the value of the U.S. dollar? What is the impact of the currency difference upon the Canadian economy?

Short Answer

Those companies that take the most risk may make the most profit. As a potential business owner, you need to do research (e.g., talk to other business people and read business publications) to find the right balance between risk and profit for you. Different people have different tolerances for risk.

Short Answer

The term refers to the general well-being of a society in terms of its political freedom, natural environment, education, health care, safety, amount of leisure, and rewards that add to the satisfaction and joy that other goods and services provide. The more money businesses create, the more is potentially available to improve the quality of life for everyone.

Short Answer

See Figure 1.3 for a list of all stakeholders (5 required for answer) which includes: shareholders, customers, surrounding community, environmentalists, dealers (retailers), employees, government leaders, suppliers, media, bankers.

Often the needs of a firm's various stakeholders will conflict. For example, paying employees more may cut into shareholders' profits. Balancing such demands is a major role of business managers.

Short Answer

Offshoring entails sourcing part of the purchased inputs outside of the country.

Outsourcing means contracting with other companies to do some or all of the functions of a firm, such as production or accounting.

Insourcing initiatives return jobs to companies in various industries, such as the automotive sector, where Ford Motor Company advanced workers to higher pay scales and as a result, hired more entry-level employees.

Short Answer

A non-profit organization is an organization whose goals do not include making a personal profit for its owners or organizers. Non-profit organizations strive for financial gains because revenue is needed to operate, but such gains are used to meet their social or educational goals rather than for personal or shareholder profit.

Short Answer

The advantage of working for others is that somebody else assumes the entrepreneurial risk and provides you with benefits such as paid vacation time and health insurance. It's a good option and many people choose it.

The other, riskier, path is to start your own business and become an entrepreneur. While you may hear about success stories, keep in mind that many small businesses fail each year; thus, it takes a brave person to start a small business or to turn a business around. Furthermore, as an entrepreneur you do not receive any benefits such as paid vacation time and health insurance. You have to provide them for yourself!

Short Answer

Figure 1.4 describes those five factors, which are:

1. *Land (or natural resources)*. Land and other natural resources are used to make homes, cars, and other products.
2. *Labour (workers)*. People have always been an important resource in producing goods and services, but many people are now being replaced by technology.
3. *Capital Goods*. This includes machines, tools, buildings, or whatever else is used in the production of goods. It does not include money. Money is used to buy factors of production but is not always considered to be a factor by itself.
4. *Entrepreneurship*. All the resources in the world have little value unless entrepreneurs are willing to take the risk of starting businesses to use those resources.
5. *Knowledge*. Information technology has revolutionized business, making it possible to quickly determine wants and needs and to respond with desired goods and services.

Short Answer

Crowdsourcing helps a business find solutions to challenges. It is a valuable tool to better understand the dynamics of a business market. It can be valuable in terms of building collaboration between government and citizens, students and universities, patients and hospitals.

Short Answer

Barriers to entry are business practices or conditions that make it difficult for new firms to enter the market. Barriers to entry can be in the form of capital requirements, product identity, distribution access, or switching costs. The higher the expense of the barrier, the more likely it will deter new entrants, and vice versa (e.g., barriers to exit).

Short Answer

Generation X represents the demographic group that were born in the period 1965-1976. Generation Y, also known as Millennials (those born in the period from 1977 to 1994) represents the children of the large number of Baby Boomers (those born in the period from 1946 to 1964). Some students are part of Generation Y while others may be part of Generation Z, who include those born from 1995 onward.

Short Answer

The text describes multiple statistics which support Canada has a multicultural population. The following are provided in the text:

Immigration levels have been steadily increasing, with the country accepting 341,180 new permanent residents in 2019. This was a record level of admissions and a 6.3 percent increase from the previous year. The high level of annual admission of immigrants and the relatively slow rate of natural growth of the population explain why the proportion of the foreign-born in the Canadian population has been increasing since the 1990s.

Citizenship and Immigration Canada's plan is to admit over 300,000 immigrants each year.

Short Answer

The modern farming industry has become so efficient through the use of technology that the number of farms has dropped. Due to increased competition, many of the farms that existed even 50 years ago have been replaced by some huge farms. The loss of farm workers over the past century may not be a negative sign. It is instead an indication that Canadian agricultural workers are more productive.

Short Answer

What makes countries wealthy today is a combination of *entrepreneurship* and the effective use of *knowledge*. Entrepreneurs use what they have learned (knowledge) to grow their businesses and increase wealth. Economic and political freedom also matter.

Short Answer

Even among companies that do make a profit, not all make the same amount. Those companies that take the most risk may make the most profit. As a potential business owner, you need to do research to find the right balance between risk and profit for you. Different people have different tolerances for risk. To decide which is the best choice for you, you have to calculate the risks and the potential rewards of each decision. The more risks you take, the higher the rewards may be.

Short Answer

Creative destruction is the process by which technology affects how and where people work. It has both positive and negative outcomes. On the positive side, technology can reduce costs productivity, which improves the standard of living and quality of life. On the negative side, it may eliminate existing jobs. For example, high-tech equipment, as opposed to employees who work in the fields and scout crop growth, tells a farmer how and where to spread fertilizer and seed, tracks yields yard by yard, and allows him to maintain high profit margins. However, new technology often results in different jobs, which is a good thing over time, but can create challenges in the short term.

Short Answer

Mostly done with web technologies, the term *e-business* refers to any information system or application (e.g., business software) that empowers business processes. While e-commerce is frequently mixed up with the term e-business, e-commerce only covers one aspect of e-business (i.e., the use of an electronic support for the commercial relationship between a company and individuals).

Short Answer

In considering the competition, a firm must assess the likelihood of new entrants. Additional producers increase industry capacity and tend to lower prices. *Barriers to entry* are business practices or conditions that make it difficult for new firms to enter the market. Barriers to entry can be in the form of capital requirements, product identity, distribution access, or switching costs. Powerful buyers exist when they are few in number, there are low switching costs, or the product represents a significant share of the buyer's total costs. This last factor leads the buyer to exert significant pressure for price competition. In slow-growth settings, competition is more heated for any possible gains in market share. High fixed costs also create competitive pressures for firms to fill production capacity.

Short Answer

Social perspectives of sustainability focus upon the quality of human life over time while economic views of sustainability emphasize a steady-state economy. In this text, we will view sustainability according to three principles: economic viability, environmental protection, and social equity. Understanding sustainability through multiple principles provides a more complete understanding, such as including equity, diversity and inclusion issues within the social equity pillar, rather than simply viewing sustainability as an environmental issue.

Short Answer

As businesses expand to serve global markets, new jobs will be created in both manufacturing and service industries. Global trade also means global competition. The students who will prosper will be those prepared for the markets of tomorrow. Rapid changes create a need for continuous learning, so be prepared to pursue your education throughout your career. If you prepare yourself well, then you will have every reason to be optimistic about job opportunities in the future.