Ch. 01 Business Now: Change is the Only Constant

1. A core goal for successful businesses is to deliver value to customers while generating long-term profits.
   a. True
   b. False

   ANSWER: True
   DIFFICULTY: Difficulty: Easy
   LEARNING OBJECTIVES: BUSN.KELL.15.01.01
   NATIONAL STANDARDS: United States - BUSPROG: Analytic
   TOPICS: A-Head: Business Now: Moving at Breakneck Speed
   KEYWORDS: Bloom's: Knowledge

2. Successful firms generate long-term profits by delivering unsurpassed value to their customers.
   a. True
   b. False

   ANSWER: True
   DIFFICULTY: Difficulty: Easy
   LEARNING OBJECTIVES: BUSN.KELL.15.01.01
   NATIONAL STANDARDS: United States - BUSPROG: Analytic
   TOPICS: A-Head: Business Now: Moving at Breakneck Speed
   KEYWORDS: Bloom's: Knowledge

3. Successful businesses embrace change and carefully evaluate risks.
   a. True
   b. False

   ANSWER: True
   DIFFICULTY: Difficulty: Easy
   LEARNING OBJECTIVES: BUSN.KELL.15.01.01
   NATIONAL STANDARDS: United States - BUSPROG: Analytic
   TOPICS: A-Head: Business Now: Moving at Breakneck Speed
   KEYWORDS: Bloom's: Knowledge

4. Value is the relationship between the price of carpet cleaning, for example, and the benefit that the service offers to the customer.
   a. True
   b. False

   ANSWER: True
   DIFFICULTY: Difficulty: Easy
   LEARNING OBJECTIVES: BUSN.KELL.15.01.01
   NATIONAL STANDARDS: United States - BUSPROG: Analytic
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5. A firm will experience a loss when its revenue is less than its expenses.
   a. True
   b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

6. Businesses will incur a profit when expenses are higher than revenue.
   a. True
   b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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KEYWORDS:	Bloom's: Knowledge

7. Profit is the money that a business earns in sales, minus expenses such as the cost of goods and the cost of salaries.
   a. True
   b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
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8. Business drives up the standard of living for people worldwide, contributing to a higher quality of life.
   a. True
   b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
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KEYWORDS:	Bloom's: Knowledge

9. Businesses are primarily focused on creating profits by offering products and services desired by the consumer.
   a. True
   b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
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KEYWORDS:	Bloom's: Knowledge

10. Entrepreneurs are motivated to risk time, money, and other resources in an effort to gain a profit for themselves. However, their efforts yield benefits to many others in society in addition to their personal profits.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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11. Speedy Car Imports has a primary goal to increase profits. The company is driving up the standard of living and contributing to a higher quality of life by providing the jobs that people need.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

12. When companies introduce innovative products and services worldwide, it increases the standard of living of populations.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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KEYWORDS:	Bloom's: Comprehension

13. When businesses create more goods and services, their activities increase the standard of living, but have no impact on the quality of life.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
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KEYWORDS:	Bloom's: Knowledge

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14. Businesses raise the standard of living through the payment of taxes, which can be used by the government to pay for socially desirable projects.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Comprehension

15. The Industrial Revolution era is recognized for its technological advances.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

16. During the Industrial Revolution, the production process shifted from skilled artisans working in small workshops to semiskilled workers employed in huge factories.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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17. The Industrial Revolution was characterized by unprecedented production efficiency.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

18. The production era is also referred to as the era of mass production.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's Knowledge

19. The huge gains in production efficiency during the Industrial Revolution were mainly the result of changes in the nature of the production process that encouraged workers to take more pride and ownership in their work.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

20. During the entrepreneurship era, the government began regulating business to protect the consumer and provide guidelines for products and services.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
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21. The entrepreneurship era contributed in raising the standard of living during the 1800s.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

22. During the Industrial Revolution, Henry Ford introduced the assembly line, which quickly became standard across most major manufacturing industries.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

23. The production era is recognized for creating satisfied customers who act as advocates for business.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

24. Henry Ford’s focus on producing a consistent and quality product represented a shift from the production era to the relationship era.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
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25. The marketing era came immediately before the entrepreneurship era.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

26. Nonprofit organizations employ approximately one in ten U.S. workers.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

27. Nonprofit organizations only focus on health, human services, and religion.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

28. A typical nonprofit organization’s primary goal is to improve the quality of life in society.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

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29. Nonprofit organizations contribute to their region's economic stability and growth.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

30. People employed by nonprofit organizations are voluntary workers and are not paid for their services to the organization.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

31. Nonprofit organizations do not play a critical role in economic development.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

32. When providing products and services, the primary goal of nonprofit organizations is to ensure community interests are addressed.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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KEYWORDS:	Bloom's: Knowledge

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33. Even though nonprofit organizations are not in business for a financial gain, they are still businesses in every other sense.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

34. One characteristic of all nonprofit organizations is that they do not earn any revenue.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

35. Nonprofits are business-like establishments, although their primary goal is not to make a profit.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

36. Nonprofit organizations can be economic magnets within a community.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

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37. A group of concerned community leaders formed Homeless Help, a nonprofit organization providing shelter for homeless individuals. Besides the fact that it doesn't seek a profit, Homeless Help is likely to operate much like a business in many respects.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic United States - BUSPROG: Analytic2 - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

38. Sal Garmin's business offers computer support to local nonprofit organizations. If he is like most entrepreneurs, Sal's *primary* goal is to create wealth for his community.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

39. Businesses and nonprofit organizations rely on factors of production to achieve their objectives.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

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40. Companies use capital to produce goods and services.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

41. Capital, as a factor of production, includes machines, tools, buildings, information, and technology.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

42. People can create natural resources by growing and harvesting agricultural products.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

43. Factors of production are the resources a business needs to achieve its objectives.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

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44. The four factors of production come free of charge.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

45. Using corn to create ethanol as an alternative fuel source will likely increase the price of corn products in the grocery store.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

46. The four factors of production are natural resources, capital, human resources, and entrepreneurship.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

47. Capital, as a factor of production includes stocks, bonds, and other investments.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
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48. Education and motivation have become increasingly important to human resource development with the use of technology to replace manual labor jobs.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

49. The four factors of production are natural resources, capital, money, and ownership.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

50. China has recently relaxed their strict regulations and do more to support entrepreneurship.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

51. Human resources is a factor that includes the physical, intellectual, and creative contributions of everyone who works within an economy.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
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52. Entrepreneurs are primarily motivated by the desire to help others.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

53. Entrepreneurs are individuals willing to take the risk of owning and operating a business.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

54. In the context of factors of production, the term *capital* means the money businesses use to finance their operations.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

55. Entrepreneurship is the resource that appears to be the most important determinant of economic growth.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
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56. Susan is the human resources director at ABC Cosmetics. In her job, she is responsible for recruiting, hiring, and training employees. She is a factor of production for the company.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Application

57. Scott started mowing his neighbor’s lawn while he was in school. After returning from college, he started a landscaping business and hired some of his friends. Scott is an entrepreneur.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Application

58. There are three key dimensions to the business environment: financial, technical, and ethical.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success
KEYWORDS:	Bloom's: Knowledge

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59. The government in the United States has helped foster free enterprise and fair competition by reducing the risks of starting and running a business.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Comprehension

60. The economic dimension of the U.S. business environment includes U.S. government legislation that supports enforceable contracts.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Knowledge

61. The ethical meltdowns at major corporations such as Enron and WorldCom can increase the cost of doing business for everyone involved.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Knowledge

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62. Convincing new customers to try your product for the first time is a lot less expensive than getting current customers to buy more of your product because of the technological implications involved.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

63. Speed-to-market, the rate at which a firm transforms concepts into actual products, can be an important competitive advantage to a firm.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

64. Speed-to-market is the rate at which a company’s competitors copy its new product innovations.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Comprehension

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65. A product has value when its benefits to the customer are equal to or greater than the price that the customer pays.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

66. Greater levels of customer satisfaction often translate into higher profits.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Comprehension

67. Customer satisfaction comes in large part from delivering unsurpassed value.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

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68. Research highlights that successful brands use imagination and innovation to deliver value to their customers.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analysis - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

69. U.S. laws help suppress all domestic corruption in the United States.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Comprehension

70. The level of corruption and bribery in a country does not affect the running of businesses there.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Knowledge

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71. Bleeding-edge firms launch products that fail because they are too far ahead of the market.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

72. Satellite systems that are built to enhance wireless communications represent an effective use of business technology.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Knowledge

73. Excellent products and superb top management play no role in employee satisfaction.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Workforce Advantage
KEYWORDS:	Bloom's: Knowledge

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74. Investing in worker satisfaction will not affect profitability of a business.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Workforce Advantage
KEYWORDS:	Bloom's: Knowledge

75. The only advantage of technology in business is that it increases the business's effectiveness.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Comprehension

76. It's more important for a firm to launch a new product before its competitors do, than for the products to meet the needs of customers.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Knowledge

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77. Business transactions that occur online are examples of I-commerce.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Knowledge

78. The World Wide Web allows computer users to easily access and share information on the Internet via text, graphics, video, apps, and animation.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Comprehension

79. Online technology benefits leading-edge firms by providing value to their customers.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Knowledge

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80. Demographics are measurable characteristics of a population.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

81. Demographic factors that affect business include population size and density, age, gender, race, education, and income.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

82. Demographics is the study and measurement of characteristics of a population including traits such as age, education, and income level.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

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83. Growing ethnic populations represent the potential for profits if companies orient their marketing programs to pursue them.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

84. Diversity, the aging population, rising worker expectations, ethics, and social responsibility are all challenges for human resource managers in recruiting, training, and managing employees.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

85. High-profile ethical meltdowns such as Enron and WorldCom have forced the Federal government to pass legislation demanding transparent financial management and more accountability from senior executives.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

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86. Sustainability is a company's ability to stay in business even when they are not making a profit.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

87. Typically, socially responsible businesses act as advocates for the well-being of the community.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

88. The retirement of the baby boomer generation does not concern U.S companies because there are so many people who need a job and the baby boomers can be easily replaced.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Workforce Advantage
KEYWORDS:	Bloom's: Knowledge

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89. Career counselors encourage students to choose a career with an eye toward how much money they will be paid in an effort to be happy.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Knowledge

90. Following your passion in making a career choice is foolish and not supported by the broader business environment.
    a. True
    b. False

ANSWER:	False
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Knowledge

91. Following your passion in making career choices can lead to financial and personal success.
    a. True
    b. False

ANSWER:	True
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Knowledge

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92. The core goal of business is to generate long-term _____ by delivering _____ to their customers.
    a. value; products
    b. profits; value
    c. profits; security
    d. value; profits

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed
KEYWORDS:	Bloom's: Comprehension

93. In a business, _____ is equal to sales minus expenses.
    a. loss
    b. profit
    c. premium
    d. value

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

94. Business will incur a _____ when expenses are higher than revenue.
    a. premium
    b. profit
    c. surplus
    d. loss

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Comprehension

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95. Value is the relationship between the _____ of a product or service and the benefit that it offers its customers.
    a. price
    b. length of service
    c. quality
    d. profitability

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed
KEYWORDS:	Bloom's: Knowledge

96. To be successful, entrepreneurs must be comfortable risking their money and _____ to start and manage a business.
    a. time
    b. standard of living
    c. revenue
    d. freedom

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

97. Entrepreneurs:
    a. are primarily motivated by the desire to help others.
    b. create value for themselves at the expense of others.
    c. have little or no impact on others in society.
    d. create benefits for others while seeking profit for themselves.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Comprehension

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98. Successful U.S. firms:
    a. attempt to avoid all risk.
    b. embrace change.
    c. focus on generating short-term profits.
    d. avoid new opportunities if what they are currently doing works well.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed
KEYWORDS:	Bloom's: Comprehension

99. Which of the following would be considered a business according to the definition in the text?
    a. A firm that specializes in providing consultations for at-risk teens, funded by the state.
    b. A private charity that is sitting on a $2B endowment.
    c. A Web design company that needs to make changes in staffing and deployment, because of a change in tax law, before it can become profitable.
    d. A federal agency that writes and enforces environmental regulations.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

100. Entrepreneurship is a growing trend in the U.S. and is likely to grow further for all of the following reasons EXCEPT:
    a. there is little risk in being an entrepreneur.
    b. greater economic freedom.
    c. the profit incentive is a powerful motivator.
    d. the U.S. government continues to take active steps to help reduce the risk of business ownership.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

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101. Jill, an entrepreneur, started a company and invented a power generator that will make fossil fuels obsolete in ten years. What should be the role of her business in society, and what should her company do?
   a. By deploying her generator through careful licensing and patenting to protect her property, her firm will not only build wealth but will also drive up the standard of living.
   b. Jill's firm should voluntarily surrender her invention to the U.S. Government in the interest of national security.
   c. Since her firm will run the oil companies out of business and possibly cause economic chaos as the world tries to adjust to the changing technology, Jill should try to find a way to minimize her company's impact, and sit on her invention for now.
   d. Jill should donate her company's invention to the world, as such a machine should be free and not be used just to make someone rich.

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Synthesis

102. Big Poppa's Pizzeria will be opening outlets in three new locations, bringing new jobs to its community. It also plans to purchase all ingredients from local farms and merchants. With these actions, Big Poppa's Pizzeria is contributing to a higher _____ for its town's citizens.
   a. environmental standard
   b. social involvement
   c. city tax base
   d. standard of living

ANSWER:	d
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Application

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103. Cosmetico Inc. is launching a line of low-priced, single-use packs of lotion, shampoo, toothpaste, and makeup targeted to women in poor countries who don't have access to these products. Cosmetico's products directly increase the _____ for these customers.
   a. environmental standard
   b. family stability
   c. quality of life
   d. social involvement

ANSWER:	c
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Diversity - DISC: Cultural imperatives
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Application

104. With regard to the history of American business, which environment typified the Industrial Revolution?
   a. Technology, environmental responsibility, and the customer were the impetus for all businesses.
   b. There was unprecedented production efficiency, but also a loss of individual ownership and personal pride in the production process.
   c. Skilled artisan workshops replaced huge factories.
   d. Industrial titans built business empires and raised the overall standard of living across the country.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

105. Huge factories replaced skilled artisan workshops during the _____.
   a. Industrial Revolution
   b. Entrepreneurship Era
   c. Production Era
   d. Marketing Era

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

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106. _____ boomed as mass production took hold during the Industrial Revolution.
   a. Factory production
   b. Marketing concepts
   c. Skilled artisan workshops
   d. Entrepreneurship

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

107. Which of the following eras in the history of American business saw a raise in the overall standard of living across the country?
   a. The Industrial Revolution
   b. The Production Era
   c. The Entrepreneurship Era
   d. The Marketing Era

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

108. A negative aspect of the Entrepreneurship Era was that:
   a. powerful businesses gained the ability to manipulate prices and exploit workers.
   b. productivity declined in many key industries as work shifted away from mass production to more labor intensive methods.
   c. governments began running huge deficits.
   d. inflation spiraled out of control, resulting in a decline in the standard of living.

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

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109. The evolution of business included the:
    a. Technological Era.
    b. Economic Era.
    c. Competitive Era.
    d. Entrepreneurship Era.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Comprehension

110. During which era did businesses begin to dominate their markets, forcing out competitors, manipulating prices, and exploiting workers, which lead the government to pass laws regulating business?
    a. Industrial Revolution
    b. Entrepreneurship Era
    c. Production Era
    d. Marketing Era

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

111. All of the following are examples of the five distinct eras of American business history EXCEPT the:
    a. Industrial Revolution.
    b. Entrepreneurship Era.
    c. Technology Era.
    d. Relationship Era.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

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112. During the _____, jobs became even more specialized and the cost of goods became lower.
   a. Entrepreneurship Era
   b. Production Era
   c. Marketing Era
   d. Relationship Era

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

113. The Production Era is recognized for:
   a. increasingly specialized jobs, resulting in higher productivity and lower costs and prices.
   b. power shifting away from business toward consumers.
   c. the rise of monopoly power giving big businesses the ability to increase productivity and raise prices almost at will.
   d. creating satisfied customers who act as advocates for business.

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Analysis

114. During the Production Era, companies continued to implement new technologies to streamline production processes. Although there were many changes, the primary focus resulted in:
   a. refinement, efficiencies, and entrepreneurship.
   b. marketing, consumer orientation, and job specialization.
   c. competition, marketing, and refinement.
   d. job specialization, efficiencies, and refinement.

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Synthesis

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115. The Marketing Era introduced:
    a. the marketing strategy.
    b. the 4 Ps of marketing.
    c. the marketing approach.
    d. the marketing concept.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

116. The Relationship Era introduced the idea:
    a. that customers are disposable.
    b. that cultivating current customers is more profitable than constantly seeking new ones.
    c. of focusing on short-term relationships with customers.
    d. of aggressive persuasion designed to separate consumers from their cash.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

117. The hard sell or aggressive persuasion designed to separate consumers from their cash emerged during the:
    a. Industrial Revolution.
    b. Entrepreneurship Era.
    c. Production Era.
    d. Relationship Era.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

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118. During the Relationship Era, businesses believed it was more profitable to:
    a. concentrate on attracting new customers.
    b. cultivate current customers by using technology.
    c. focus on immediate customer transactions.
    d. focus on print advertising and not customer satisfaction.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

119. Hair It Is operates two wellness spas in the Miami area. The company employees work hard to develop long-term relationships by calling customers to make sure they are satisfied with the recent visit to the spas and hosting free wellness evaluations. Hair It Is, is using concepts from the:
    a. Entrepreneurship Era.
    b. Production Era.
    c. Relationship Era.
    d. Technology Era.

ANSWER:	c
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Application

120. During the Marketing Era consumers found:
    a. fewer choices for goods and services.
    b. fewer businesses offering goods and services.
    c. more limits on spending.
    d. more choices for goods and services.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Knowledge

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121. Which of the following statements is most consistent with the marketing concept?
    a. The primary purpose of a business is to dominate its market.
    b. Consumers always care more about price than about quality.
    c. All aspects of a business organization should focus on the needs of the customer.
    d. Controlling the market for natural resources can give a firm a huge competitive advantage.

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

122. Businesses in the Relationship Era focus efforts on building long-term customer relationships. To accomplish this, a key tool for business development during this era is:
    a. production.
    b. services.
    c. technology.
    d. entrepreneurship.

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

123. During the Marketing Era, businesses concentrated on:
    a. hard selling designed to convince people to buy products.
    b. building long-term customer relationships.
    c. developing brands to differentiate their products from those of competitors.
    d. refining the production process and creating greater efficiencies.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

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124. A small consulting company in Waikiki, Hawaii struggles financially because of limited access to economic resources. This company has to get creative to build long-term bonds with its current customers and use technology to reach new customers using concepts from the:
   a. Entrepreneur Era.
   b. Relationship Era.
   c. Production Era.
   d. Marketing Era.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

125. Which of the following is a key feature of an organization that adopts the marketing concept?
   a. Departments throughout the organization adopt a customer orientation.
   b. Executive management and the board of directors focus mainly on the financial aspects of the company's operations.
   c. The marketing department is seen as the only department capable of creating lasting value.
   d. The goal of the organization is to maximize market share by keeping prices as low as possible.

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Analysis

126. As products flooded the market after World War II, firms responded by:
   a. cultivating their customers.
   b. focusing on a low-cost strategy.
   c. adopting a bleeding-edge approach to the introduction of products in an attempt to be first to market.
   d. branding their products to create distinctive identities.

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

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127. In today's business environment, which of the following scenarios would be most realistic?
    a. Sally buys an item that is not the same as what is illustrated on the package. When she tries to return it the shopkeeper tells her, "tough luck." Then he pushes her aside as he tries to sell the same thing to the very next customer.
    b. Howard owns a business that produces seeds for farmers. His most profitable line of seed is also the one that might be the cause of some strange conditions in the waterway beside his main production facility. He dismisses the idea of responsibility because there are no laws that require him to address the issue.
    c. Jimbo's Fruit Sticks are selling like hotcakes all across the country. This is because of a very popular nationwide advertising campaign that has made Jimbo's the only brand the kids want.
    d. When Audrey bought her new appliance, she considered its merits. Not only was she well-informed as to its reliability and capabilities, but she also knew what her friend Mae thought about it—because she owned one as well, and recommended it to Audrey.

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The History of Business: Putting It All in Context
KEYWORDS:	Bloom's: Evaluation

128. Nonprofit organizations are not in the business of:
    a. producing a product.
    b. generating revenue.
    c. improving the quality of life in our society.
    d. financial gain.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

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129. Nonprofit organizations contribute to our region's economic stability and growth by employing approximately one in ten workers:
a. worldwide.
b. statewide.
c. nationwide.
d. citywide.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

130. Max Education is an organization focused on educating the children from poor families. The funds for the organization are raised by the corporate organizations in the state. Max is an example of a _____.
a. government-run organization
b. nonprofit organization
c. proprietorship
d. political organization

ANSWER:	b
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Application

131. A type of nonprofit organization would be a:
a. museum.
b. post office.
c. restaurant.
d. county agency.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Comprehension

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132. Nonprofit organizations play a critical role in all of the following EXCEPT the:
a. community.
b. economy.
c. government.
d. Federal Reserve.

ANSWER: d
DIFFICULTY: Difficulty: Easy
LEARNING OBJECTIVES: BUSN.KELL.15.01-03 - 01-03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS: Bloom's: Knowledge

133. Nonprofit organizations are commonly known for supporting:
a. the travel industry.
b. the construction industry
c. the arts industry.
d. the food service industry.

ANSWER: c
DIFFICULTY: Difficulty: Easy
LEARNING OBJECTIVES: BUSN.KELL.15.01.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS: Bloom's: Comprehension

134. Urban Teens, a nonprofit organization, provides 12-18-year-olds with housing when families are affected by domestic violence. As a nonprofit organization, Urban Teens's primary goal is to reinvest money raised for the purpose of:
a. care for these teenagers.
b. care for the families of teenagers receiving counseling.
c. promoting the program community wide.
d. all of the above.

ANSWER: d
DIFFICULTY: Difficulty: Challenging
LEARNING OBJECTIVES: BUSN.KELL.15.01.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS: Bloom's: Evaluation

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135. Natural resources include:
a. printing money, building offices, and creating wealth.
b. only the mineral deposits used by a business to make products.
c. all people working in the business to create value.
d. all inputs offering value such as land, fresh water, wind, and mineral deposits.

ANSWER: d
DIFFICULTY: Difficulty: Easy
LEARNING OBJECTIVES: BUSN.KELL.15.01.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS: Bloom's: Knowledge

136. As a factor of production, capital would include:
a. machines, money, tools, and buildings.
b. money, land, labor, and entrepreneurship.
c. machines, tools, buildings, and technology.
d. machines, buildings, land, and mineral deposits.

ANSWER: c
DIFFICULTY: Difficulty: Easy
LEARNING OBJECTIVES: BUSN.KELL.15.01.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS: Bloom's: Knowledge

137. _____ encompasses all the synthetic resources that a business needs to produce goods or services.
a. Capital
b. Taxation
c. Revenue
d. Entrepreneurship

ANSWER: a
DIFFICULTY: Difficulty: Easy
LEARNING OBJECTIVES: BUSN.KELL.15.01.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
TOPICS: A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS: Bloom's: Knowledge

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138. Which of the following is not considered a natural resource?
    a. Fresh water
    b. Wind
    c. Buildings
    d. Coal

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

139. Which of the following is an example of capital?
    a. Agricultural products
    b. Mineral deposits
    c. Land
    d. Machines

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Nonprofits and the Economy: The Business of Doing Good
KEYWORDS:	Bloom's: Knowledge

140. Which of the following is the best example of a natural resource?
    a. Iron ore
    b. The effort supplied by an assembly line worker
    c. Entrepreneurship
    d. Corn grown on a farm

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

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141. Your college has contracted with a construction company to build a new bookstore. The heavy machinery and equipment the contractor will use in the construction process are classified as:
   a. credit.
   b. human resources.
   c. natural resources.
   d. capital.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

142. Timber, water, coal deposits, and solar energy are classified as:
   a. noneconomic factors.
   b. natural resources.
   c. pure capital.
   d. base inputs.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

143. ExxonMobil uses natural resources, such as reserves of petroleum, to produce its goods and services. The value of these resources is likely to:
   a. remain constant, because natural resources are created by natural forces and don’t respond to market forces.
   b. rise with either an increase in demand or with a decrease in supply.
   c. fall with increased demand and rise with increased supply.
   d. rise with decreased demand, but remain steady when supply falls.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Evaluation

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144. Tariq has just received a loan from the Small Business Administration to open a printing shop in his community. He will be leasing computers, copiers, scanners, and printers. These items represent his need for:
a. natural resources.
b. capital.
c. value.
d. human resources.

ANSWER:	b
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Application

145. The four major categories of factors of production are:
a. technology, law, capital, and ingenuity.
b. natural resources, capital, human resources, and entrepreneurship.
c. economic power, money, technology, and agriculture.
d. knowledge, human resources, capital, and technology.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

146. John Blue has started his own Internet business, Blueways.com, offering online ordering of refurbished computer parts. His business has experienced a slower than usual start due to higher than expected costs for capital resources. Those expenses include:
a. buildings, money, and skilled labor.
b. computers, cables, Internet service, copiers, and software.
c. raw materials, money, and employee training.
d. advertising and financial costs.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Evaluation

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147. Janet owns a modern 600-acre farm that grows corn and soybeans. Which factors of production will Janet need to employ to produce her crops?
a. Natural resources, human resources, capital, and entrepreneurship
b. Natural and human resources
c. Capital and human resources
d. Entrepreneurship and capital

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Synthesis

148. Human resources include the:
a. physical, intellectual, and creative contributions of individuals working within an economy.
b. generic, standard, and valued individuals working for a business.
c. technology and synthetic resources of business productivity.
d. number of manual labor jobs in a company.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

149. Given the importance of _____ to workforce effectiveness, some business experts, such as management guru Peter Drucker, separate this factor from human resources.
a. capital
b. natural resources
c. entrepreneurship
d. knowledge

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

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150. Entrepreneurs need economic freedom to thrive. Those freedoms include:
   a. freedom to make money, freedom to hire people, and freedom from taxation.
   b. freedom of choice, freedom from excess regulation, and freedom from too much taxation.
   c. freedom to hire people, freedom to compete, and freedom from all regulation.
   d. freedom to make money, freedom from taxation, and freedom from regulation.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

151. _____ is an entrepreneurial "must."
   a. Freedom from taxation
   b. Protection from competition
   c. Freedom from regulation
   d. Protection from corruption

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

152. Although Russia is rich in human resources and natural resources, the country ranks relatively low in terms of gross national income per person. The missing ingredient seems to be lack of entrepreneurship due to:
   a. corruption.
   b. rising tax rates.
   c. the government actively encouraging citizens to work for large multinational companies.
   d. decreasing population.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

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153. All of the following are basic freedoms encouraging entrepreneurship EXCEPT:
   a. freedom of choice.
   b. freedom from excess regulation.
   c. freedom of guaranteed profits.
   d. freedom from too much taxation.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Knowledge

154. Too much taxation, an overuse of regulation, and limited choices in the broader business environment are likely to result in:
   a. a decrease in entrepreneurial activities.
   b. an increase in entrepreneurship.
   c. an increase in global trade.
   d. a social crisis.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

155. Technological advancements have allowed businesses to replace the manual labor employees with technology requiring human resources to focus on:
   a. educating and motivating their employees.
   b. investing in more capital.
   c. decreasing the amount they pay for natural resources.
   d. producing more products.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Comprehension

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156. Children's Campground is a summer program for school-aged children. It advertises that there is one counselor for every four children and that several other highly-trained professionals are on staff. Its advertisements indicate that Children's Campground relies heavily on _____ to provide its services.
a. natural resources
b. human resources
c. entrepreneurship
d. capital

ANSWER:	b
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Application

157. Sabiha will be opening her catering business soon, but still needs to hire a few more employees to fill the schedule. As an entrepreneur, she enjoys certain economic freedoms and:
a. can hire whomever she chooses.
b. can hire employees after she completes a Small Business Administration training program.
c. will be given her labor force once she pays her business taxes.
d. will hire only those that have freedom from too much taxation

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Evaluation

158. Samuel lives in a community where many residents are retirees. He wants to open an exercise facility specifically for the active senior citizens aged 65 and older. Samuel knows that starting a new business will require a large amount of work and entails risk, but given the large number of senior citizens in the area, he believes he should be able to sell enough memberships to make a profit. Samuel is an example of a(n) _____.
a. corporate manager.
b. consultant.
c. entrepreneur.
d. capital provider.

ANSWER:	c
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Application

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159. Of the factors of production, which is considered the most important?
    a. Natural resources—once we finally deplete the earth's reserves of oil, water, natural gas, and even precious metals, the game will be over.
    b. Human resources—without the physical, intellectual, and creative contributions of the people in an economy, there is no economy.
    c. Entrepreneurship—even with limited natural or human resources, or even limited capital, the entrepreneur can create wealth, craft vision, see opportunity, and move forward.
    d. Capital—it's the most important factor because information is key, and without technology and tools, modern society would crumble.

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Evaluation

160. Entrepreneurs participate in _____ business environments.
    a. competitive, economic, and social
    b. capital, economic, and competitive
    c. human resources, competitive, and social
    d. economic, competitive, technological, social, and global

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success
KEYWORDS:	Bloom's: Knowledge

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161. Global Gyroscopes, Inc. had a rough year; sales are down 42% this year in comparison to last year. However, a new market segment, unknown to its competition, has just been found and promises to increase sales numbers substantially. In Congress, a new legislation has been passed in favor of labor unions that will force Global Gyroscopes to make drastic changes to its product because of the added cost of doing business. However, due to a loophole in the law, a foreign company that also manufactures gyroscopes will not be subject to the same legal provisions as Global. Of the five dimensions of the business environment, which of the following would BEST apply to the above scenario?
a. Social, technological, and global environments
b. Global, competitive, and economic environments
c. Social, global, competitive, technological, and economic environments
d. Technological, social, global, and competitive environments

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success
KEYWORDS:	Bloom's: Synthesis

162. The creation of the World Wide Web has resulted in the rise of _____ or online sales, which allow businesses to tap into a worldwide community of potential customers.
a. nano-commerce
b. meta-economics
c. I-commerce
d. e-commerce

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success
KEYWORDS:	Bloom's: Evaluation

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163. Which of the following best describes the current business environment?
   a. The new green economy is the next “big thing,” and private industry is racing to keep up with consumer demand for all things sustainable. There is a huge amount of money to be made if a company can successfully brand itself as green.
   b. Government spending is of great concern, as well as its accompanying tax burden in a wild economic environment. But technology has not yet found a limit. The entrepreneurial spirit is alive and well in America, though competition has increased exponentially due to international trade agreements.
   c. Cultural and religious differences have splintered society into isolated pockets of specialized economies that are not interconnected. Terrorism is on the rise, and military conflicts are increasingly harder to win decisively.
   d. Government regulation and high tariffs are dousing the fires of productivity. America will diminish in importance internationally because of the rise of China and India as economic powerhouses, and the standard of living for most Americans will decrease.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Synthesis

164. The stock market, housing foreclosures, and unemployment rates are all part of an organization’s _____ environment.
   a. competitive
   b. global
   c. economic
   d. social

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Knowledge

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165. Government agencies such as the Small Business Administration and the Federal Trade Commission help reduce the risk of starting and running a business. The result of these efforts leads to:
a. free money for businesses and their customers.
b. grants for start-up costs.
c. free enterprise and fair competition.
d. a guarantee that small businesses will succeed with little competition.

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Economic Environment
KEYWORDS:	Bloom's: Analysis

166. Which of the following is the best way for firms to enhance customer satisfaction?
a. By providing lower-priced products
b. By providing greater value
c. By providing effective advertising and promotion
d. By providing the greatest quality

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Comprehension

167. Dan, the founder of Four Muddy Paws, discovered that dog owners were willing to spend extra money on unique, healthy treats for their pets. The company immediately launched a selection of organic, flavored dog bones. The company also changes flavors and adds new flavors regularly, well before its competitors do. Four Muddy Paws uses the concept of _____ to maintain its competitive lead.
a. market research
b. speed-to-market
c. customer timing
d. market value

ANSWER:	b
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Application

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168. Super King Groceries competes with some of the larger chain stores in the area and offers services not provided by its competitors (i.e., car service, curb service, delivery service). Because Super King is not as large as some retailers, prices are moderately higher. This does not seem to hurt the store's business due to the fact that:
a. customers just don't like the competitor's products.
b. Super King has better food.
c. Super King's employees are friendlier.
d. Super King customers receive value not provided by the other stores.

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Evaluation

169. Before sales of its iPad 1 reached its peak, Apple launched the iPad 2, which took sales from the iPad 1 but also beat competitors' product offerings to the market. This move helped Apple maintain its standing as a leading-edge company in tablet PCs and demonstrates the importance of _____ as a competitive advantage.
a. speed-to-market
b. product research
c. retail-fast-track
d. strategic planning

ANSWER:	a
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Application

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170. Leading-edge businesses maintain a competitive advantage by introducing products:
   a. just as the market becomes ready to embrace them.
   b. about 12-18 months before the market is ready to embrace them.
   c. long before anyone else has even thought of them, and at least two years before the majority of customers will express interest in them.
   d. right before the demand for the product reaches its highest level.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Comprehension

171. Business transactions that occur online are examples of:
   a. I-commerce.
   b. meta-economics.
   c. e-commerce.
   d. nano-commerce.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Comprehension

172. _____ refers to differences in gender, age, religion, and nationality that affect the workforce.
   a. Leading edge
   b. Diversity
   c. Social environment
   d. Competitive advantage

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Diversity - DISC: Cultural imperatives
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

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173. _____ provides information to businesses about where people live and their traits, such as race, gender, age, income, and education.
a. Psychology
b. Demography
c. Ethnography
d. Sociology

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Knowledge

174. Lisa is a marketing consultant who is trying to help a regional company design an advertising campaign that will appeal to the local population. Her report should take into account _____ factors such as the age, income, and ethnic composition of the area's population.
a. psychographic
b. sociological warfare
c. natural resource management
d. demographic

ANSWER:	d
DIFFICULTY:	Difficulty: Moderate
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Application

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175. Jenna has worked as a secretary for a small tech manufacturer for 45 years. In that time, she has weathered many interpersonal storms, from angry customers to new products to tight deadlines to a moody boss. Just today, she came to work and discovered that the company had been sold to a Chinese conglomerate and that she no longer has a job. As she considers her options, she hears through the grapevine that her boss has been orchestrating this buyout for six months, that he knew the Chinese firm would be terminating her because of her age, and that he will be walking away with a hefty reward for his negotiations. What best categorizes the situation, in regard to the five dimensions of the business environment?
   a. Global environment because of American outsourcing
   b. Technological environment because of the competitive advantage of e-commerce, Web presence, and bleeding-edge business technology
   c. Competitive environment because of the buyout
   d. Social environment because of diversity and demographic considerations in the aging workforce, employer-employee loyalty considerations, and the area of ethics and social responsibility

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Evaluation

176. In order to compete effectively, many companies have taken proactive steps to hire and nurture people from a broad range of backgrounds. This is an example of a _____ business environment?
   a. technological
   b. social
   c. global
   d. competitive

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

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177. As life spans increase and birthrates decrease, the working population will decrease while the number of retirees will increase. One example of *new business* growth reflecting this market might be a(n):
   a. increase in the number of assisted living facilities.
   b. increase in the number of school-age after school programs.
   c. rise in the number of state laws requiring employers to offer prescription benefit plans for employees.
   d. new federal healthcare premium program adjusted for age.

ANSWER:	a
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Evaluation

178. Doing business today without harming the ability of future generations to meet their needs is referred to as:
   a. demography.
   b. ethical behavior.
   c. social responsibility.
   d. sustainability.

ANSWER:	d
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

179. As aging baby boomers retire, companies will:
   a. face few problems finding labor, because the next generation of workers is larger than the generation that is retiring.
   b. need to compete for top talent, driving up the costs of recruitment and payroll.
   c. rely mainly on unskilled labor in the future.
   d. take advantage of the retirements by replacing them with workers earning lower wages and salaries, thus reducing labor costs.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Workforce Advantage
KEYWORDS:	Bloom's: Comprehension

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180. Which of the following statements represents how consumers and workers react to socially responsible behavior by business?
   a. A large majority of both consumers and workers tend to respond favorably to socially responsible business behavior.
   b. Workers tend to respond favorably to socially responsible behavior, but consumers tend to ignore the benefits of such behavior.
   c. The purchasing decisions of most consumers are influenced by socially responsible behavior, but most workers are having no interest in whether their employer is socially responsible.
   d. Most workers and consumers base decisions on monetary considerations and largely ignore issues dealing with socially responsible behavior.

ANSWER:	a
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Ethics
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Comprehension

181. Fred has worked for Alliance TV and Radio for 10 years, but the 90-minute commute to and from work is really bothering him. He approaches his supervisor and is pleased to find that she takes his request seriously and comes up with a plan that allows him to work from his home two days a week. This attempt to accommodate Fred and other workers like him reflects the need of employers to recognize:
   a. the specific needs of Generation I.
   b. rising worker expectations.
   c. the growing number of older workers in the labor force.
   d. the global environment of business.

ANSWER:	b
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Social Environment
KEYWORDS:	Bloom's: Evaluation

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182. In 1995, a renegotiation of the General Agreement on Tariffs and Trade (GATT) took bold steps to lower tariffs and to reduce trade restrictions. A tariff is a:
   a. tax on exports.
   b. license required to export a good.
   c. tax on imports.
   d. license required to import a good.

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Global Environment
KEYWORDS:	Bloom's: Knowledge

183. As competition has become truly global, free trade has resulted in _____ prices and _____ quality across virtually every product category.
   a. lower; lower
   b. higher; lower
   c. lower; higher
   d. higher; higher

ANSWER:	c
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Global Environment
KEYWORDS:	Bloom's: Knowledge

184. When making a career choice, experts often advise graduating students:
   a. not to worry since in this economy many students will not be able to find jobs let alone a career.
   b. to find a career they love and the money will follow.
   c. to focus only on careers with the highest income potential.
   d. not to worry about a career since most companies do not care about their employees.

ANSWER:	b
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Knowledge

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185. In choosing your career, you must consider the key dimensions of the business environment and your place within it. That would mean you should:
a. focus only on high paying careers.
b. wait for the jobs to find you at school.
c. look for a mentor to help you make the transition to the work world.
d. consider your interests and abilities as well as those skills you learned in college.

ANSWER:	d
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Analysis

186. Megan's parents want her to become an accountant after she graduates from college. However, Megan wants to start her own cupcake store. To boost her chance of personal success, experts advise Megan to:
a. become an accountant because it is a safe career choice.
b. do what her parents suggest since they will be paying for her student loan.
c. do what she loves.
d. become an accountant at a restaurant.

ANSWER:	c
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Application

187. What is a business and how does it survive and maintain a profit?

ANSWER:	A business is an organization that provides goods and/or services in an effort to earn a profit. Profit is the money that a business earns in sales (or revenue), minus expenses such as the cost of goods and the cost of salaries. In order to survive and maintain a profit, a business must efficiently produce goods and services that satisfy the needs of customers. Thus, the firm must be aware of changes in consumer attitudes and preferences that represent new opportunities. It must also be aware of new and innovative ways to lower costs and/or improve quality.
DIFFICULTY:	Difficulty: Easy
LEARNING OBJECTIVES:	BUSN.KELL.15.01.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Business Now: Moving at Breakneck Speed B-Head: Business Basics: Some Key Definitions
KEYWORDS:	Bloom's: Knowledge

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188. Define an entrepreneur and include three (3) pros and three (3) cons that entrepreneurs face in today's business environment.

ANSWER: **Definition:** Entrepreneurs are people who risk their time, money, and other resources to start and manage a business.

The pros and cons will vary based on classroom discussions, activities, and the students. However 3 examples are listed as a reference.

Pros: Financial independence, reinvest in one's community, fulfill dream(s)

Cons: Responsible for successes and failures, involves high risks, requires finances

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.01

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: Business Now: Moving at Breakneck Speed
B-Head: Business Basics: Some Key Definitions

KEYWORDS: Bloom's: Analysis

189. People who risk their time, money, and other resources to start and manage a business are called ***entrepreneurs***. How do entrepreneurs contribute to the community they serve?

ANSWER: Interestingly, as entrepreneurs create wealth for themselves, they produce a ripple effect that enriches everyone around them. Business success for the entrepreneur benefits those around them in that entrepreneurs spend their own money buying goods for personal consumption.

From a bigger picture perspective, business drives up the **standard of living** for people worldwide, contributing to a higher **quality of life**.

Not only do businesses provide the products and services that people enjoy, but they also provide the jobs that people need. Beyond the obvious, business contributes to society through innovation—think cars, TVs, and personal computers. Business also helps raise the standard of living through taxes, which the government spends on projects that range from streetlights to environmental cleanup. Socially responsible firms contribute even more, actively advocating for the well-being of the society that feeds their success.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.01

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: Business Now: Moving at Breakneck Speed
B-Head: Business Basics: Some Key Definitions

KEYWORDS: Bloom's: Evaluation

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190. Compare and contrast the relationship era and the entrepreneurship era. Provide examples to support your answer.

ANSWER:

Relationship Era

Building on the marketing concept, leading-edge firms now look beyond each immediate transaction with a customer and aim to build long-term relationships. Satisfied customers can become advocates for a business, spreading the word with more speed and credibility than even the best promotional campaign. And cultivating current customers is more profitable than constantly seeking new ones. One key tool is technology. Using the Web and other digital resources, businesses gather detailed information about their customers and use these data to serve them better. For example, on the Scion website customers can build their own car from home. Online banking and bill-paying are other options brought about by developing technology.

Entrepreneurship Era

Building on the foundation of the Industrial Revolution, large-scale entrepreneurs emerged in the second half of the 1800s, building business empires. Key players included Andrew Carnegie, who launched U.S. Steel; J.P. Morgan, who founded Morgan Guarantee and Trust; and John D. Rockefeller, who created Standard Oil. These industrial titans and their peers created enormous wealth, raising the overall standard of living across the country. But many also dominated their markets, forcing out competitors, manipulating prices, exploiting workers, and decimating the environment. Toward the end of the 1800s, the government stepped into the business realm, passing legislation to regulate business and protect consumers and workers, creating more balance in the economy.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.02

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: The History of Business: Putting It All in Context

KEYWORDS: Bloom's: Evaluation

191. Compare and contrast for-profit organizations and nonprofit organizations.

ANSWER: All businesses are regulated by the government and must comply with established standards. Like their profit-driven counterparts, nonprofit organizations also offer products and services, collect revenues, and employ workers. Profit organizations are profit driven and have the opportunity to offer their consumer products and services for a fee. A nonprofit organization’s primary goal is to improve the quality of life of the society and contribute to the community. Nonprofits are not in the business of financial gain. They’re in the business of doing good. Nonprofits, like for-profit organizations, also contribute significantly to the region’s economic stability and growth.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.03

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: Nonprofits and the Economy: The Business of Doing Good

KEYWORDS: Bloom's: Analysis

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192. List and describe the four factors of production required for an economic system to thrive and create wealth. Give an example of each in your answer.

ANSWER: **Natural Resources** include inputs that offer value in their natural state such as land, fresh water, wind, and mineral deposits. Most natural resources must be extracted, purified, or harnessed. Some examples students might use are: timber, crude oil, streams, rivers, oceans, and minerals.

Capital includes machines, tools, buildings, information, and technology—synthetic resources a business needs to produce goods or services. Some examples students might use are: computers, satellites, offices, tractors, and earth movers.

Human Resources use the physical, intellectual, and creative inputs of those working within an economy. Some examples students might use are: college graduates for service companies, teachers, student employees, truck drivers, farmers, and law enforcement officers.

Entrepreneurship supports the people who assume the risk to own and operate a business. Entrepreneurs are motivated primarily by profit and use their own resources to capitalize on potential not recognized by others. Entrepreneurs must be given the economic freedom to produce. Economic freedom includes freedom of choice, freedom from excess regulation, and freedom from too much taxation. Some examples students might use are: Michael Dell, Bill Gates, Jeff Bezos, Sam Walton.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.04

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: Factors of Production: The Basic Building Blocks

KEYWORDS: Bloom's: Synthesis

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193. There are four factors of production required for an economic system to thrive and create wealth. Entrepreneurship is one of them. Explain and give examples of how an entrepreneur would employ the other factors of production in an effort to grow and maintain a business.

ANSWER:	Entrepreneurs are people who are willing to take the risk of owning and operating a business and are largely motivated by the profit incentive. Entrepreneurs work to build economic value by creating opportunities and harnessing the other factors of production. Entrepreneurs may require natural resources such as land in order to locate the business in the community. In the use of capital, the entrepreneur might use computers and other technologies to manage the internal operation, and/or grow his or her business online. Other tools and equipment might be used with land to build office space needed to run the business. Students should not mention the use of money, as money is used to acquire capital resources. Human resources encompass the physical, intellectual, and creative contributions of everyone working within an economy. In hiring employees, entrepreneurs employ people to meet customer demands. Employees would be hired at all levels of the organization, and those creative talents and intellectual levels would help the business grow.
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.04
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: Factors of Production: The Basic Building Blocks
KEYWORDS:	Bloom's: Synthesis

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194. List and describe the five key dimensions of the broader business environment.

ANSWER:	**Economic environment:** The U.S. economy is a global powerhouse, largely because the government actively supports free enterprise and fair competition. **Competitive environment:** As global competition intensifies, leading-edge companies are focusing on long-term customer satisfaction as never before. **Technological environment:** The recent technology boom has transformed business, establishing new industries and burying others. **Social environment:** The U.S. population continues to diversify. Consumers are gaining power, and society has higher standards for business behavior. **Global environment:** The U.S. economy works within the context of the global environment. A key factor: rapid economic growth in China and India.
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success
KEYWORDS:	Bloom's: Synthesis

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195. A skilled and knowledgeable employee base, or workforce, is essential to keep pace in today's business world. Describe how you will work within the broad business environment to find your ideal career position. Cite examples of how each of the five key dimensions of the environment will influence your job search.

ANSWER: Students' answers will vary greatly. Five key dimensions:

Economic environment offers free enterprise and fair competition, affording some students the ability to start businesses. Fair competition would also afford students multiple job opportunities with the completion of a college degree.

Competitive environment creates the long-term relationship with customers, suppliers, and vendors. This allows students to see multiple opportunities due to consumer choice options. The more customers want and businesses provide, the more businesses offer jobs to those willing to work.

Technological environment permits students to work with what they know. With the use of business technology, students can learn the value of hard work in achieving efficiency and effectiveness. "Work with something you are passionate about." The Internet has created more networking online and built businesses along the way.

Social environment takes into account the values, attitudes, customs, and beliefs shared by groups of people. Students come to the job market each with his or her own values and attitudes about work. Students should also mention issues of workforce advantage, aging population, rising worker expectation, and ethics and social responsibility.

Global environment offers students the international job market in which to compete, understanding, though, that values and attitudes are different among countries. To reduce trade restrictions worldwide, there has been a re-negotiation of the General Agreement on Tariffs and Trade (GATT). Mexico, Canada, and the United States have laid the groundwork for a free-trade mega-market through the North American Free Trade Agreement (NAFTA), and 25 European countries have created a powerful free-trading bloc through the European Union. The free-trade movement has lowered prices and increased quality across virtually every product category, as competition becomes truly global.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.05

NATIONAL STANDARDS: United States - BUSPROG: Analytic

TOPICS: A-Head: The Business Environment: The Context for Success

KEYWORDS: Bloom's: Synthesis

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196. Describe the sources of competitive advantage for companies today.

ANSWER:	One source of competitive advantage is customer satisfaction. Customer satisfaction has proven to result in higher profits. Customer satisfaction comes largely from delivering unsurpassed value. Value is the gap between product benefits and prices. The key to value is quality, and virtually all successful firms offer top-quality products relative to their direct competitors. Another source of competitive advantage is speed-to-market. Speed-to-market is the rate at which a firm transforms concepts into actual products. Leading-edge firms understand the importance of speed-to-market and offer products just as the market becomes ready to embrace them. If a company introduces a product too soon, it can result in failure. Workforce advantage is another source in a company's competitive edge. Research has shown that investing in worker satisfaction results in increased bottom-line results. The S&P 500 showed that firms with the highest employee satisfaction had an increased rate of annual return, even during 2009—the heart of the Great Recession. The final source of competitive advantage is innovation. Innovation and creativity have shown over the years to increase a company's profit. Innovation contributes to a company's speed-to-market rate and their ability to be a leading-edge firm instead of a bleeding-edge firm. (Students might supply an example like Apple to support this idea.)
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Competitive Environment
KEYWORDS:	Bloom's: Evaluation

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197. Explain how e-commerce has allowed businesses to tap into the worldwide community of potential customers.

ANSWER:	E-commerce or online sales, allows businesses to tap into a worldwide community of potential customers. Business-to-business selling comprises the vast majority of total e-commerce sales (and an even larger share of the profits). It allows businesses to connect their digital networks with suppliers and distributors to create a more seamless flow of goods and services. E-commerce provides the opportunity for more individualized buying experiences by customizing the information available to the customer. E-commerce allows leading-edge firms to offer customized products at reasonable prices. (Students may provide an example such as building their own car online.)
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Technological Environment
KEYWORDS:	Bloom's: Evaluation

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198. Challenges in managing human resources have evolved due to changing demographics affecting the workforce. Describe how demographic changes such as diversity, the aging population, worker expectations, ethics, and social responsibility affect the management of human resources.

ANSWER: The U.S. has become more ethnically diverse in recent years, and growing ethnic populations offer robust profit potential for firms that pursue them. Growing diversity also impacts the workforce. A diverse staff—one that reflects an increasingly diverse marketplace—can yield a powerful competitive advantage in terms of both innovation and ability to reach a broad customer base.

Effectively managing diversity should only become easier as time goes by. Multiple studies demonstrate that young American adults are the most open-minded age group, and they are moving in a more liberal direction than earlier generations regarding racial differences, immigrants, and homosexuality. As this generation gathers influence and experience in the workforce, they are likely to leverage diversity in their organizations to hone their edge in a fiercely competitive marketplace.

The rapidly aging population brings opportunities and threats for business. Companies in fields that cater to the elderly—such as healthcare, pharmaceuticals, travel, recreation, and financial management—will clearly boom. But creative companies in other fields will capitalize on the trend as well by reimagining their current products to serve older clients.

As young people today enter the workforce, they bring higher expectations for their employers in terms of salary, job responsibility, and flexibility—and less willingness to pay dues by working extra long hours or doing a high volume of strenous work. Smart firms are responding to the change in worker expectations by forging a new partnership with their employees. The goal is a greater level of mutual respect through open communication, information sharing, and training.

Due to ethical lapses in some behemoth organizations, a growing number of consumers and workers have begun to insist that companies play a proactive role in making their communities—and often the world community—better places. Some corporations even post their ethical codes of conduct and offer social audits to meet this new consumer expectation.

DIFFICULTY: Difficulty: Challenging

LEARNING OBJECTIVES: BUSN.KELL.15.01.05

NATIONAL STANDARDS: United States - BUSPROG: Diversity - DISC: Cultural imperatives

TOPICS: A-Head: The Business Environment: The Context for Success
B-Head: The Social Environment

KEYWORDS: Bloom's: Synthesis

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199. Explain how the General Agreement on Tariffs and Trade (GATT) encourages global trade.

ANSWER:	The migration of jobs relates closely to the global movement toward free trade. In 1995, a renegotiation of the General Agreement on Tariffs and Trade (GATT)—signed by 125 countries—took bold steps to lower tariffs (taxes on imports) and to reduce trade restrictions worldwide. The result: goods move more freely than ever across international boundaries. Individual groups of countries have gone even further, creating blocs of nations with virtually unrestricted trade. The free-trade movement has lowered prices and increased quality across virtually every product category as competition becomes truly global. Other examples: NAFTA and the European Union
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
TOPICS:	A-Head: The Business Environment: The Context for Success B-Head: The Global Environment
KEYWORDS:	Bloom's: Evaluation

200. With technological developments changing businesses byte by byte, many traditional career choices have become dead ends. What skills and attributes do you have that could provide you with both personal and financial opportunities?

ANSWER:	Students' answers will vary greatly. However, answers should include abilities that cannot be digitized: ability to be a good communicator, a good listener, a team player, creative, and empathetic.
DIFFICULTY:	Difficulty: Challenging
LEARNING OBJECTIVES:	BUSN.KELL.15.01.06
NATIONAL STANDARDS:	United States - BUSPROG: Technology
TOPICS:	A-Head: Business and You: Making It Personal
KEYWORDS:	Bloom's: Analysis

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