

TEST Q1

Indicate whether the statement is true or false.

1. Many successful entrepreneurs work in a related business before starting their own company.
 - a. True
 - b. False
2. Standards are moral principles by which people conduct themselves personally, socially, or professionally.
 - a. True
 - b. False
3. Different cultures, businesses, and industries have the same ethical standards for uniformity in international commerce.
 - a. True
 - b. False
4. Most businesses follow their industry's code of ethics.
 - a. True
 - b. False
5. Every society has enough productive resources to produce everything people want and need.
 - a. True
 - b. False
6. An autocrat is one who allows employees to rule themselves.
 - a. True
 - b. False
7. Economies go through ups and downs.
 - a. True
 - b. False
8. Leadership is no more than giving orders to your subordinates.
 - a. True
 - b. False
9. Business conducted on the Internet is called a virtual business.
 - a. True
 - b. False
10. Unlike goods, services are performed for free.
 - a. True
 - b. False

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Indicate the answer choice that best completes the statement or answers the question.

11. All of the following involve offering services *except*
 - a. banking.
 - b. DVDs.
 - c. sports and entertainment.
 - d. tourism.
12. A vision statement
 - a. expresses the specific aspirations of the company.
 - b. establishes the scope and purpose of the company.
 - c. includes the major goals that the company will try to reach.
 - d. explains why the venture will succeed.
13. The best example of a sustainable development would be
 - a. developing a new way to burn coal.
 - b. using recycled materials to build housing.
 - c. manufacturing a new type of SUV.
 - d. drilling for oil in the ocean.
14. Day-to-day supervision of employees is handled by
 - a. top-level managers.
 - b. middle managers.
 - c. operational managers.
 - d. union managers.
15. An example of democratic leadership would be
 - a. a general commanding troops.
 - b. a police officer directing traffic.
 - c. a company president who works with and answers to a board of directors.
 - d. a fire captain directing activities at a fire.
16. During a depression, there is
 - a. low unemployment and low production of goods and services.
 - b. high unemployment and high production of goods and services.
 - c. low unemployment and high production of goods and services.
 - d. high unemployment and low production of goods and services.
17. Cooperatives were formed to
 - a. save money on the purchase of certain goods and services.
 - b. sell more products.
 - c. promote each other.
 - d. help people cooperate.

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18. In a market economy, producers set a price that
- a. consumers can afford.
 - b. the government will allow.
 - c. will cover their costs and result in a profit.
 - d. consumers are willing to pay.
19. A dividend is
- a. the cost of a share of stock.
 - b. a tax paid by stockholders.
 - c. the money made as a result of owning a share of stock.
 - d. the money lost on a share of stock.
20. A business plan is used by
- a. potential investors to see if they want to invest in the business.
 - b. top management involved in the start-up of a new business.
 - c. the entrepreneur to keep focused on the goals of the business.
 - d. all of the above
21. During a recovery,
- a. unemployment is nonexistent.
 - b. money is scarce.
 - c. production starts to increase.
 - d. GDP is stagnant.
22. A multi-channel retailer sells its products
- a. in stores.
 - b. by mail.
 - c. online.
 - d. all of the above
23. All of the following are resources *except*
- a. money.
 - b. transportation.
 - c. fuel.
 - d. labor.
24. Bribery occurs when gifts, money, or favors are offered
- a. instead of payment of taxes.
 - b. to encourage business deals.
 - c. in lieu of wages.
 - d. as bonuses to managers.
25. An example of a franchise is
- a. a McDonald's restaurant.
 - b. a "mom and pop" grocery store.
 - c. a Sears department store.
 - d. a Wal-Mart superstore.
26. The line and staff authority structure can lead to
- a. more efficient production.
 - b. overstaffing.
 - c. lower costs.
 - d. more sales.

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27. Consumers usually deal directly with
- a. manufacturers. b. retailers.
 - c. wholesalers. d. distributors.
28. When developing a product or service, a business must do all of the following *except*
- a. create a need for the product or service.
 - b. evaluate the demand for the product or service.
 - c. obtain start-up and operating capital.
 - d. keep records to satisfy government requirements.
29. A most important skill needed by managers is the ability to
- a. multi-task. b. give orders.
 - c. be creative. d. predict the future.
30. A written description of a business venture that describes all aspects of the business is called
- a. a company charter. b. a company policy.
 - c. a business plan. d. an executive summary.

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Match each item with the correct statement below.

- a. entrepreneur
- b. small business
- c. virtual business
- d. significant
- e. business plan
- f. executive summary
- g. vision statement
- h. mission statement
- i. concept
- j. venture

- 31. A business that operates on the Internet
- 32. A written description of a new business venture that describes all aspects of the business
- 33. An independently owned business that usually has the owner as its manager
- 34. A new business undertaking that involves risk
- 35. A statement that expresses the specific aspirations of a company
- 36. A person who organizes, manages, and assumes the risks of starting and operating a business
- 37. Having a special meaning or importance
- 38. A general idea
- 39. A statement that establishes the scope and purpose of a company and reflects its values and beliefs
- 40. A brief account of the key points contained in a business plan

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