

Q-REV 1

Indicate whether the statement is true or false.

1. Different cultures, businesses, and industries have the same ethical standards for uniformity in international commerce.
 - a. True
 - b. False
2. The use of the self-managed team approach started in the United States right after WWII.
 - a. True
 - b. False
3. The main reason people become entrepreneurs is to have the opportunity to be creative.
 - a. True
 - b. False
4. Unlike goods, services are performed for free.
 - a. True
 - b. False
5. Though the United States has a very high GDP compared to some countries, it has a low standard of living.
 - a. True
 - b. False
6. A small business, as defined by the SBA, serves a limited geographic area and employs no more than 100 people.
 - a. True
 - b. False
7. According to *American City Business Journals*, small businesses that use the Internet have grown more than 45 percent faster than those that do not.
 - a. True
 - b. False
8. Businesses often call their stores and warehouses brick-and-mortar.
 - a. True
 - b. False
9. Resources are the things necessary for making only what people need.
 - a. True
 - b. False
10. Standards are moral principles by which people conduct themselves personally, socially, or professionally.
 - a. True
 - b. False
11. A disadvantage to line authority is that it can lead to overstaffing, which can be costly.
 - a. True
 - b. False

Q-REV 1

12. Every type of business needs labor resources to produce goods and provide services.
 - a. True
 - b. False
13. Business conducted on the Internet is called a virtual business.
 - a. True
 - b. False
14. An important measure of economic strength is the rate of inflation.
 - a. True
 - b. False
15. Competition among businesses hurts the consumer.
 - a. True
 - b. False
16. Perhaps the most common technology staple in business today is the telephone.
 - a. True
 - b. False
17. In some cultures, excessive gift giving in business is overlooked and considered ethical.
 - a. True
 - b. False
18. Resources are items used to make and provide goods and services.
 - a. True
 - b. False
19. Every society has enough productive resources to produce everything people want and need.
 - a. True
 - b. False
20. About half of all businesses in the United States are sole proprietorships.
 - a. True
 - b. False

Q-REV 1

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

21. An effective leader has
a. integrity. b. confidence.
c. communication skills. d. all of the above
22. For businesses to stay successful, they must offer
a. quality products. b. outstanding service.
c. competitive prices. d. all of the above.
23. The Internet has created a demand for
a. software writers.
b. information technology security experts.
c. Web page designers.
d. all of the above
24. Day-to-day supervision of employees is handled by
a. top-level managers. b. middle managers.
c. operational managers. d. union managers.
25. Unethical treatment of employees includes all of the following *except*
a. rewarding good employees with salary incentives.
b. treating employees unfairly.
c. inadequately compensating employees.
d. establishing no maternity leave policy.
26. When you buy products online, it is easy to
a. compare prices.
b. get opinions and reviews of products and services.
c. compare the offerings of many businesses.
d. all of the above
27. 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.
28. All of the following are resources *except*
a. money. b. transportation.
c. fuel. d. labor.

Q-REV 1

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. 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.
31. Most people enter the job market as a(n)
- a. top-level manager. b. entry-level employee.
 - c. operational manager. d. middle manager.
32. The line and staff authority structure can lead to
- a. more efficient production. b. overstaffing.
 - c. lower costs. d. more sales.
33. Today's leadership trend is toward
- a. autocratic leadership. b. self-managed teams.
 - c. democratic leadership. d. free-rein leadership.
34. Some firms limit the damage they do to the environment by
- a. using recycled or recyclable paper.
 - b. installing filtration systems to reduce air pollutants.
 - c. using renewable energy sources.
 - d. any of the above
35. An example of initiative would be
- a. figuring out a new and efficient way to handle a problem on your own.
 - b. completing a task on time.
 - c. working as part of a team.
 - d. using a "how to" manual.
36. During a recovery,
- a. unemployment is nonexistent. b. money is scarce.
 - c. production starts to increase. d. GDP is stagnant.
37. To reach customers all around the world, businesses can use
- a. mass marketing. b. e-commerce.
 - c. global marketing. d. innovative strategies.

Q-REV 1

38. Most nations have a
- a. moderate command economy.
 - b. pure command economy.
 - c. pure market economy.
 - d. mixed economy.
39. Technology makes
- a. business processes faster.
 - b. life easier.
 - c. communication faster and easier.
 - d. all of the above
40. All of the following are factors of production *except*
- a. educational resources.
 - b. natural resources.
 - c. labor resources.
 - d. capital resources.
41. 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
42. Keeping inaccurate accounting records is
- a. unethical and legal.
 - b. unethical and illegal.
 - c. a good business practice.
 - d. deceptive but not illegal.
43. Which statement is most true?
- a. Whatever it takes to win is a good business practice.
 - b. All businesses have the same ethical standards.
 - c. Different businesses and industries have different ethical standards.
 - d. Bribery is considered an ethical practice in some U.S. companies but not in others.
44. 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.
45. 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.
46. Nonprofit organizations
- a. focus on providing services rather than making a profit.
 - b. outnumber sole proprietorships in the United States.
 - c. must still pay taxes.
 - d. do not register with the government.

Q-REV 1

47. One of the biggest obstacles in starting a business is
a. obtaining financing. b. having a good idea.
c. being good at something. d. accepting responsibility.
48. An example of an ethical business practice would be
a. false advertising.
b. keeping accurate financial records.
c. requiring employees to work on holidays.
d. not paying overtime to workers.
49. All of the following are examples of an industry *except*
a. medical supply companies. b. financial service firms.
c. auto mechanics. d. food service businesses.
50. One disadvantage that corporations face is
a. competition. b. environmental laws.
c. the cost of raw materials. d. double taxation.
51. A police officer directing people in an emergency situation uses
a. free-rein leadership. b. autocratic leadership.
c. democratic leadership. d. consensus leadership.
52. A multi-channel retailer sells its products
a. in stores. b. by mail.
c. online. d. all of the above
53. An advantage of a partnership is
a. that the partners make decisions together.
b. that banks are often more willing to lend money to a partnership than to a sole proprietorship.
c. that the partners often bring different skills and talents to the business.
d. all of the above.
54. 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.
55. Which statement is most true about leaders?
a. Everyone can be a leader.
b. Leaders are born.
c. Leadership qualities can be learned.
d. Leaders must be charismatic.

Q-REV 1

56. 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.
57. 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.
58. An autocratic leader is one who
- a. listens to other people.
 - b. lets middle-level managers make most of the business's decisions.
 - c. runs a company alone.
 - d. makes all of the business's decisions.
59. The company description section of a business plan helps investors understand
- a. the size of the business.
 - b. the scope of the business.
 - c. the type of business.
 - d. all of the above
60. Leading means
- a. being the first in line.
 - b. providing direction and vision.
 - c. telling subordinates what to do.
 - d. making sure everyone is following you.

Q-REV 1

Match each item with the correct statement below.

a. management

b. planning

c. organizing

d. leading

e. controlling

f. line authority

g. line and staff authority

h. centralized organization

i. decentralized organization

j. departmentalization

61. An organizational structure in which managers on one level are in charge of those beneath them

62. The act of dividing responsibility among specific units or departments

63. Providing direction and vision

64. Arranging resources in an orderly and functional way to accomplish goals and objectives

65. The processes or functions of planning, organizing, leading, and controlling

66. The act of keeping a company on track and making sure goals are met

67. The act or process of creating goals and objectives as well as the strategies to meet them

68. The direct line of authority along with the staff who advise the line personnel

69. The act of giving authority to a number of different managers

70. The act of putting authority with top management

Q-REV 1

Match each item with the correct statement below.

- a. leadership
 - b. initiative
 - c. human relations
 - d. integrity
 - e. trend
 - f. autocratic leadership
 - g. democratic leadership
 - h. free-rein leadership
 - i. delegating
 - j. self-managed teams
71. The study of how people interact in the workplace
72. Work groups that supervise themselves
73. The ability to act and make decisions without the help or advice of others
74. To have or take a general direction
75. Taking a company and its employees in a direction based upon a vision
76. A leadership style whereby a leader sets goals for managers and employees and then leaves them alone to get the job done
77. A leadership style whereby one person runs everything and makes all the decisions without consulting others
78. An adherence to a code of ethical values such as honesty, loyalty, and fairness
79. A leadership style whereby managers work with employees to make decisions
80. Giving managers and employees the power to run things and make decisions

Q-REV 1

Match each item with the correct statement below.

- a. unlimited liability
- b. cooperative
- c. nonprofit organization
- d. franchise
- e. intermediary
- f. wholesaler
- g. production
- h. procurement
- i. marketing
- j. finance

- 81. A business that moves goods from one business to another
- 82. The business or art of money management
- 83. The owner is responsible for the company's debts
- 84. Also known as distributors
- 85. The process of creating, expanding, manufacturing, or improving goods and services
- 86. A type of business that focuses on providing a service, not on making a profit
- 87. An organization that is owned and operated by its members
- 88. The buying and reselling of goods that have already been produced
- 89. The process that involves getting consumers to buy a product or service
- 90. A contractual agreement to use the name and sell the products or services of a company in a designated geographic area

Q-REV 1

Match each item with the correct statement below.

- a. scarcity
- b. natural resources
- c. labor resources
- d. capital resources
- e. entrepreneur
- f. economics
- g. price
- h. supply
- i. demand
- j. command economy

- 91. The amount of goods and services that producers will provide at various prices
- 92. A shortage of resources
- 93. Things used to produce goods and services
- 94. Raw materials from nature that are used to produce goods
- 95. An individual who undertakes the creation, organization, and ownership of a business
- 96. The amount of money given or asked for when goods and services are bought or sold
- 97. An economic system in which a central authority makes the key economic decisions
- 98. The amount or quantity of goods and services that consumers are willing to buy at various prices
- 99. The study of how individuals and groups of individuals strive to satisfy their needs and wants by making choices
- 100. People who make the goods and services for which they are paid

Q-REV 1

Match each item with the correct statement below.

- a. ethics
- b. business ethics
- c. code of ethics
- d. sweatshop
- e. conflict of interest
- f. social responsibility
- g. principle
- h. conduct
- i. integrity
- j. benefit

- 101. Conflict between self-interest and professional obligation
- 102. Something that does good to a person or thing
- 103. Total honesty and sincerity
- 104. The duty to do what is best for the good of society
- 105. Moral principles by which people conduct themselves personally, socially, or professionally
- 106. Set of guidelines for maintaining ethics in the workplace
- 107. Personal behavior
- 108. A shop or factory in which workers are employed for long hours at low wages and under unhealthy conditions
- 109. A rule of conduct
- 110. Rules based on moral principles about how businesses and employees ought to conduct themselves

Q-REV 1

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

- 111. A business that operates on the Internet
- 112. A written description of a new business venture that describes all aspects of the business
- 113. An independently owned business that usually has the owner as its manager
- 114. A new business undertaking that involves risk
- 115. A statement that expresses the specific aspirations of a company
- 116. A person who organizes, manages, and assumes the risks of starting and operating a business
- 117. Having a special meaning or importance
- 118. A general idea
- 119. A statement that establishes the scope and purpose of a company and reflects its values and beliefs
- 120. A brief account of the key points contained in a business plan

=====

Name: _____ Class: _____ Date: _____

Q-REV 1

Answer Key

1. False

2. False

3. False

4. False

5. False

6. False

7. True

8. True

9. False

10. False

11. True

12. True

13. True

14. True

15. False

16. False

17. True

18. True

19. False

20. False

21. d

22. d

23. d

24. c

25. a

Name: _____ Class: _____ Date: _____

Q-REV 1

26. d

27. a

28. b

29. a

30. c

31. b

32. b

33. b

34. d

35. a

36. c

37. b

38. d

39. d

40. a

41. d

42. b

43. c

44. a

45. b

46. a

47. a

48. b

49. c

50. d

51. b

Name: _____ Class: _____ Date: _____

Q-REV 1

52. d

53. d

54. a

55. c

56. c

57. c

58. d

59. d

60. b

61. f

62. j

63. d

64. c

65. a

66. e

67. b

68. g

69. i

70. h

71. c

72. j

73. b

74. e

75. a

76. h

Name: _____ Class: _____ Date: _____

Q-REV 1

77. f

78. d

79. g

80. i

81. e

82. j

83. a

84. f

85. g

86. c

87. b

88. h

89. i

90. d

91. h

92. a

93. d

94. b

95. e

96. g

97. j

98. i

99. f

100. c

101. e

102. j

Name: _____ Class: _____ Date: _____

Q-REV 1

103. i

104. f

105. a

106. c

107. h

108. d

109. g

110. b

111. c

112. e

113. b

114. j

115. h

116. a

117. d

118. i

119. g

120. f

=====