Contemporary Business 20th edition Boone Test Bank

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Chapter Number: 1

Question type: Multiple Choice

1) _____ are businesslike establishments that have primary objectives other than returning profits to their owners.

a) Entrepreneurs
b) Strategic alliances
c) Brands
d) Not-for-profit organizations

Answer: d) Not-for-profit organizations

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

2) Accountants think of profits as:

a) the overall sales of a company in comparison with its top competitor.
b) the difference between a firm's revenues and the expenses incurred in generating them.
c) the value of the products or services sold during a financial year.
d) the difference between the capital and revenue obtained through selling stocks.

Answer: b) the difference between a firm's revenues and the expenses incurred in generating them.

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

3) For successful companies, which of the following statements is true?

a) They often adapt to changes in customer tastes.
b) They spend less time on technology-related projects.
c) They refrain from all kinds of competition.
d) They strive to reduce the standards of living of their respective countries.

Answer: a) They often adapt to changes in customer tastes.

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Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

4) All of these statements are true regarding businesses EXCEPT:

a) Some businesses are not motivated by profit growth.
b) Businesses provide goods and services necessary to an economic system.
c) Businesses are the economic pulse of a nation.
d) Businesses are nonprofit organizations that provide services to the public.

Answer: d) Businesses are nonprofit organizations that provide services to the public.

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

5) Jason is an accountant. When he is looking at clients' books, for him, profits are _____.

a) the difference between revenues and expenses
b) the sum of commissions earned and receipts
c) the difference between sales and expenses
d) the sum of sales and expenses

Answer: a) the difference between revenues and expenses

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

6) In the U.S. economy, _____ are considered the reward for the risk of entering a business.

a) revenues
b) concessions
c) profits
d) sales

Answer: c) profits

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Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

7) Which of these are essential because it serves as a primary incentive for people to start companies, expand them, and provide consistently high-quality competitive goods and services?

a) Coupons
b) Profits
c) Discounts
d) Rebates

Answer: b) Profits

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

8) Which of the following is NOT typically a part of the not-for-profit sector?

a) Labor unions
b) Religious organizations
c) Hotels
d) Museums

Answer: c) Hotels

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

9) Which of the following is a public sector, not-for-profit organization?

a) Library
b) Museum
c) Charitable group
d) Labor union

Answer: d) Labor union

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Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

10) The Allegany County Library provides a wide variety of library services to its neighborhood. It also provides free online support to its members, and any fee collected from its members goes directly to charity. The library is an example of a(n) _____.

a) not-for-profit organization
b) corporate organization
c) offshore unit
d) business conglomerate

Answer: a) not-for-profit organization

Difficulty: Medium
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Application

11) Stewart is a small business owner who runs a local coffee shop and a bakery. For Stewart, _____ represents an earned reward for taking the risks of running the business.

a) government intervention
b) concessions
c) profits
d) long hours

Answer: c) profits

Difficulty: Medium
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Application

12) A tax law provision granted to not-for-profits by the Internal Revenue Service is called _____.

a) strategic alliance
b) concession
c) consumer orientation
d) section 501(c)(3)

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Answer: d) section 501(c)(3)

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

13) Why is flexibility and innovation crucial for long-term business success?

a) To maintain static business models
b) To avoid changes in consumer behavior
c) To adapt to global changes and technological advancements
d) To ensure constant production efficiency

Answer: c) To adapt to global changes and technological advancements

Difficulty: Hard
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What Is Business?
AACSB: Analytic
Bloom code: Analysis

14) _____ refers to technology, tools, information, and physical facilities.

a) Outsourcing
b) Capital
c) Factors of production
d) Brand

Answer: b) Capital

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

15) A person who sees a profitable opportunity and then devises a plan to achieve that profit is called a(n) _____.

a) entrepreneur
b) competitive differentiator
c) visionary
d) brand expert

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Answer: a) entrepreneur

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

16) To operate effectively, certain inputs called _____ are required for all economic systems.

a) competitive differentiation
b) capital
c) vision
d) factors of production

Answer: d) factors of production

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

17) Which of the following represent the factors of production in an economic system?

a) Land, rent, capital, and human resources
b) Capital, perseverance, natural resources, and human resources
c) Rent, wages, interest, and profit
d) Land, labor, capital, entrepreneurship, and knowledge

Answer: d) Land, labor, capital, entrepreneurship, and knowledge

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

18) Timbers Are Us, a lumber company, utilizes _____ as its primary production factor.

a) human resources
b) entrepreneurship
c) capital
d) natural resources

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Answer: d) natural resources

Difficulty: Medium
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Application

19) Technology, tools, information, and physical facilities for the operation of a business are examples of _____.

a) profits
b) wages
c) capital
d) liability

Answer: c) capital

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

20) A company that values employees as sources of ideas and innovation is utilizing its _____.

a) entrepreneurship
b) natural resources
c) capital
d) labor

Answer: d) labor

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

21) The labor of a firm refers to _____.

a) household consumers
b) everyone who works for the business
c) full-time employees
d) top management executives

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Answer: b) everyone who works for the business

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

22) ABC Mining Inc. is a small-scale mining company that started its business in 2011. By the year 2018, the firm had to close its operations. The company had been continuously laying off its employees since 2016, which led to the further downsizing of the firm. The decline in the availability of minerals in its operating region since 2014 has contributed vastly to its downfall and also reduced the need to inject new capital since then. Which of the following factors of production has primarily caused the firm to end its operations?

a) Natural resources
b) Capital
c) Human resources
d) Entrepreneurship

Answer: a) Natural resources

Difficulty: Medium
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Application

23) Samantha, a former middle manager from Gaylord Manufacturing, owns and operates a 7-Eleven franchise. Samantha is demonstrating _____.

a) social responsibility
b) socialism
c) entrepreneurship
d) pure competition

Answer: c) entrepreneurship

Difficulty: Medium
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Application

24) Which of the following represent corresponding factor payments for labor and capital?

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a) Land and rent
b) Perseverance and natural resources
c) Wages and interest
d) Natural resources and entrepreneurship

Answer: c) Wages and interest

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Comprehension

25) Which factor of production is most associated with the creation of intellectual property and innovation?

a) Land
b) Labor
c) Capital
d) Knowledge

Answer: d) Knowledge

Difficulty: Hard
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Technology
Bloom code: Analysis

26) What is the impact of knowledge as a factor of production in the 21st century economy?

a) Decreases the need for skilled labor
b) Drives innovation and competitive advantage
c) Reduces the significance of capital
d) Limits the scope of entrepreneurship

Answer: b) Drives innovation and competitive advantage

Difficulty: Hard
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Technology
Bloom code: Analysis

27) Which of the following is NOT considered a factor of production?
a) Land

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b) Capital
c) Technology
d) Management

Answer: d) Management

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

28) _____ is the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of consumers.

a) Competitive differentiation
b) Vision
c) Factors of production
d) Brand

Answer: a) Competitive differentiation

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

29) Which of the following describes a for-profit system established, owned, and operated by individuals?

a) The private enterprise system
b) A social democracy
c) A monopoly
d) State ownership

Answer: a) The private enterprise system

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

30) Capitalism is founded on _____.

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a) the social changes that followed the Industrial Revolution
b) the idea that 80 percent of a nation's wealth should be owned by no more than 20 percent of its people
c) the principles of a private enterprise system
d) the idea that government must own all factors of production

Answer: c) the principles of a private enterprise system

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

31) The economist Adam Smith was the first person to describe _____ in his book *The Wealth of Nations*.

a) socialism
b) communism
c) capitalism
d) entrepreneurship

Answer: c) capitalism

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

32) Competition, according to Adam Smith, would lead to consumers receiving the best possible products and prices because _____.

a) government interference in economic activity would be maximized
b) less efficient producers would be driven out of the market
c) increased supply of raw materials would lead to increased production
d) natural resources would be utilized more efficiently

Answer: b) less efficient producers would be driven out of the market

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

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33) By offering a lifetime warranty on its products, Savvy Security Systems has set itself apart from its competitors. This difference is known as Warner Electronics' _____.

a) private enterprise system
b) competitive differentiation
c) capitalism
d) checkoff

Answer: b) competitive differentiation

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Application

34) When Private Jets, Inc. finds itself losing contracts because Global Aviation, Inc. charges less money, Private Jets responds by lowering its bids. According to Adam Smith, this reaction demonstrates _____.

a) the invisible hand of competition
b) collision
c) the right to private property
d) social responsibility

Answer: a) the invisible hand of competition

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Application

35) Conchita recently sold her Ford Taurus to a personal friend. Conchita's sale of her automobile illustrates the right to _____.

a) freedom of choice
b) private property
c) profit making
d) set ground rules for competitive activity

Answer: b) private property

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System

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AACSB: Analytic
Bloom code: Application

36) All of the following are basic rights within a private enterprise system EXCEPT _____.

a) right to private property
b) right to profits before tax deduction
c) freedom of choice of investment
d) freedom of choice of employment

Answer: b) right to profits before tax deduction

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

37) Which of the following describes the right to profit?

a) Owner is legally guaranteed the right to all profits (after taxes) that are earned by a business
b) Right to such profits without any form of deduction
c) Government will guarantee a profit
d) Firm has to earn only profits

Answer: a) Owner is legally guaranteed the right to all profits (after taxes) that are earned by a business

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

38) Which of the following is considered to be the most fundamental right of the private enterprise system?

a) The right to private property
b) The right to guaranteed profits
c) The right to exercise price discrimination
d) The right to fair competition

Answer: a) The right to private property

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.

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Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

39) Which of the following allows for a private enterprise system to rely on the potential for citizens to choose their own employment, purchases, and investments?

a) Right to private property
b) Right to profits
c) Freedom of competition
d) Freedom of choice

Answer: d) Freedom of choice

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

40) All of the following are rights granted to citizens and to the government in a private enterprise system EXCEPT the right to _____.

a) fair competition
b) permit price discrimination
c) select from among a variety of goods and services
d) own property

Answer: b) permit price discrimination

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

41) _____ is a benefit of entrepreneurship.

a) Low risk
b) Innovation
c) Guaranteed profit
d) Reduced competition

Answer: b) Innovation

Difficulty: Easy

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Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

42) Dakarai is a new recruit at an IT firm. He feels that his compensation is below industry standards, and his colleagues at other firms urge him to switch his employment with a company that pays a better salary. Instead of changing his job, he forms a trade union to ensure fair wages in the firm. Which of the following rights has Dakarai exercised?

a) Right to private property
b) Right to competition
c) Right to profits
d) Right to freedom of choice

Answer: d) Right to freedom of choice

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Application

43) _____ represents a natural force that guides free market capitalism.

a) Socialism
b) Communism
c) Competition
d) Government

Answer: c) Competition

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

44) Which of these describes the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of customers?

a) Private enterprise system
b) Competitive differentiation
c) Capitalism
d) Strategic alliance

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Answer: b) Competitive differentiation

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

45) Which business practice involves the unique combination of organizational abilities, products, and approaches that set a company apart from its competitors?

a) Branding
b) Marketing
c) Competitive differentiation
d) Consumer orientation

Answer: c) Competitive differentiation

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 Competitive Differentiation
AACSB: Analytic
Bloom code: Application

46) A(n) _____ is a name, term, sign, symbol, design, or combination that identifies the products of one firm.

a) entrepreneur
b) vision
c) brand
d) not-for-profit organization

Answer: c) brand

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

47) _____ is/are the collection of activities that build and maintain ongoing, mutually beneficial ties between a business and its customers and other parties.

a) Outsourcing
b) Competitive differentiation
c) Strategic alliance

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d) Relationship management

Answer: d) Relationship management

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

48) The economic focus, in colonial society, was centered on _____.

a) metropolitan areas
b) areas west of the Mississippi River
c) rural areas
d) cities

Answer: c) rural areas

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

49) The Industrial Revolution in England transformed America's economy by introducing _____.

a) the concept of each worker producing one complete product
b) the concept labor unions
c) the factory system
d) the continuously moving assembly line

Answer: c) the factory system

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

50) Customers are central to Seung's business. His fundamental principle is to understand consumer needs and satisfy them in terms of range, quality, and specifications of products. Seung is most likely to have started his business in the _____ era.

a) social

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b) production
c) relationship
d) marketing

Answer: d) marketing

Difficulty: Medium
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Application

51) The American Industrial Revolution did not make real progress until _____.

a) a railroad system was built, providing fast, economical transportation
b) a good relationship was formed with England
c) an introduction of the automobile occurred
d) a reliable system of telephonic communication was established

Answer: a) a railroad system was built, providing fast, economical transportation

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

52) Inventors such as Robert McCormick and Eli Whitney were part of the _____.

a) marketing era
b) colonial era
c) pre-colonial age
d) age of industrial entrepreneurs

Answer: d) age of industrial entrepreneurs

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

53) Henry Ford is noted in business history for introducing the moving assembly line, which greatly reduced the cost of producing a car. Assembly lines first became common during the _____.

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a) relationship era
b) marketing era
c) era of the Industrial Revolution
d) production era

Answer: d) production era

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

54) Which of the following BEST distinguishes the philosophy of the marketing era from the philosophy of the production era?

a) The marketing era was more consumer oriented.
b) The production era occurred after World War II.
c) The marketing era advocated price discrimination.
d) The production era was more consumer oriented.

Answer: a) The marketing era was more consumer oriented.

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comoprehension

55) The business philosophy that advocates determining what consumers want and need, and then designing products to satisfy those needs, is known as _____.

a) consumer orientation
b) self-sufficiency
c) work ethics
d) production enhancement

Answer: a) consumer orientation

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

56) During the _____, the concept of branding first emerged.

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a) production era
b) relationship era
c) age of the industrial entrepreneur
d) marketing era

Answer: d) marketing era

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

57) Blogs and social networking use _____ to manage relationships.

a) strategic alliances
b) marketing research analyses
c) technology
d) business etiquette

Answer: c) technology

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

58) Colonial society emphasized:

a) customer relationship.
b) product distribution.
c) factory production.
d) agricultural production.

Answer: d) agricultural production.

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

59) Which of the following refers to concentrating on building and promoting products in hopes that enough customers will buy them in order to cover costs and earn acceptable profits?

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a) Relationship management
b) Marketing management
c) Decoy effect
d) Transaction management

Answer: d) Transaction management

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

60) Which of these refers to the collection of activities that build and maintain ongoing, mutually beneficial ties with customers and other parties?

a) Relationship management
b) Transaction management
c) Financial management
d) Marketing management

Answer: a) Relationship management

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

61) Fabian uses a weblog to sell his products. His blog has generated massive sales for his products. His capital expenditure was the lowest in comparison to most of the other online firms. Which of the following eras is he most likely to be originating from?

a) Production era
b) Social era
c) Industrial era
d) Marketing era

Answer: b) Social era

Difficulty: Medium
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Application

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62) The main characteristic of the _____ era was benefits derived from deep, ongoing links with individual customers, employees, suppliers, and other businesses.

a) marketing
b) social
c) relationship
d) age of industrial entrepreneurs

Answer: c) relationship

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

63) The main characteristic of the _____ era is the new ways for businesses and consumers to communicate and share information.

a) marketing
b) social
c) relationship
d) age of industrial entrepreneurs

Answer: b) social

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

64) The main characteristic of the _____ era was mass production by semiskilled workers, aided by machines.

a) Industrial Revolution
b) social
c) relationship
d) age of industrial entrepreneurs

Answer: a) Industrial Revolution

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business

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AACSB: Analytic
Bloom code: Knowledge

65) How did the Social Era change the way businesses interact with customers?

a) By reducing the use of technology
b) By eliminating traditional marketing
c) By leveraging social media and digital tools
d) By focusing solely on in-person interactions

Answer: c) By leveraging social media and digital tools

Difficulty: Hard
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 The Social Era
AACSB: Technology
Bloom code: Analysis

66) Which of the following best describes the concept of branding in the marketing era?

a) Creating a logo for a product
b) Establishing a unique identity for a product in consumers' minds
c) Increasing the quantity of products produced
d) Reducing the cost of production

Answer: b) Establishing a unique identity for a product in consumers' minds

Difficulty: Hard
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 The Marketing Era
AACSB: Analytic
Bloom code: Analysis

67) _____ involves blending individuals of different genders, ethnic backgrounds, cultures, religions, ages, and physical and mental abilities in order to enhance a firm’s chances of success.

a) Diversity
b) Competitive differentiation
c) Strategic alliance
d) Relationship management

Answer: a) Diversity

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business

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AACSB: Analytic
Bloom code: Knowledge

68) A partnership formed to create a competitive advantage for the businesses involved is known as a(n) _____.

a) outsourcing
b) competitive differentiation
c) strategic alliance
d) vision

Answer: c) strategic alliance

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

69) A company that contracts with another business to perform functions previously handled by internal staff is participating in _____.

a) outsourcing
b) competitive differentiation
c) strategic alliance
d) relationship management

Answer: a) outsourcing

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

70) Which of the following best describes a strategic alliance?

a) A category of relationship management
b) An affiliation of two or more companies
c) Outside the scope of e-business management
d) Helpful in eliminating competitive advantage

Answer: b) An affiliation of two or more companies

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.

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Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

71) Apple Series 4 watches sold on Amazon's Web site signify the formation of a _____ to increase profits.

a) transaction alliance
b) brand partnership
c) strategic alliance
d) marketing agreement

Answer: c) strategic alliance

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

72) Which of the following is a concern in the current business workforce trends due to Covid-19?

a) Awareness that businesses are moving toward traditional management practices
b) Increased reliance on employees' intellectual capabilities
c) How to help development and learning of employees
d) Transition from focus on production to creating a brand

Answer: c) How to help development and learning of employees

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

73) Which of the following is a management challenge associated with broad age diversity?

a) The uniformity in expectations of work
b) The need to accommodate a variety of work lifestyles
c) The decreasing need for advanced skills
d) The increasing reliance on older individuals

Answer: b) The need to accommodate a variety of work lifestyles

Difficulty: Easy

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Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

74) Diverse employee teams tend to perform _____ and develop _____ than do homogeneous employee groups.

a) less effectively; better solutions
b) more effectively; better solutions
c) less effectively; worse solutions
d) more effectively; worse solutions

Answer: b) more effectively; better solutions

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

75) Which of the following is a trend in the current business workforce?

a) Teenagers are staying longer in their jobs.
b) Seniors are rarely applying for part-time jobs.
c) Seniors are retiring from the workforce sooner.
d) Teenagers are entering the workforce sooner.

Answer: d) Teenagers are entering the workforce sooner.

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

76) When a business employs an outside company to handle all customer correspondence and phone calls, the business is _____ its customer service department.

a) outsourcing
b) branding
c) cybersquatting
d) shrinking

Answer: a) outsourcing

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Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

77) When Microsoft opened offices in Tokyo, London, and Sydney, it was utilizing _____ by re-locating business activities to lower-cost locations overseas.

a) nearshoring
b) cybersquatting
c) offshoring
d) employee sourcing

Answer: c) offshoring

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

78) Which of the following generations tend to care less about money and the work-comes-first lifestyle?

a) Baby Boomers
b) Generation X
c) Generation Y
d) Millennials

Answer: d) Millennials

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

79) What do managers of global workforces need to do to retain valued employees?

a) Build and earn trust
b) Share financial information with employees
c) Lay off tenured employees
d) Follow traditional management practices

Answer: a) Build and earn trust

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Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

80) When a U.S. company contracts work to a company in Mexico, it is _____.

a) nearshoring
b) nearsourcing
c) exporting
d) offshoring

Answer: a) nearshoring

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

81) Delco Corp. a multinational corporation located in Chicago is planning to relocate its operations in India. The firm has identified that the labor cost and technology available in India would ensure optimum performance of its business operations. Which of the following strategies has Delco Corp. adopted?

a) Exporting
b) Offshoring
c) Nearshoring
d) Licensing

Answer: b) Offshoring

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

82) Crowdsourcing allows companies to find:

a) workers for a specific task.
b) potential candidates through a physical job fair.
c) appropriate candidates within the company.
d) candidates specifically for the managerial roles.

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Answer: a) workers for a specific task.

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

83) Which of the following trends has accelerated due to the impact of Covid-19?

a) Decrease in online shopping
b) Reduction in remote work
c) Increase in digital transformation
d) Decline in employee empathy

Answer: c) Increase in digital transformation

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Covid-19
AACSB: Technology
Bloom code: Application

84) What is the significance of strategic alliances in modern business?
a) To create monopolies
b) To gain competitive advantage
c) To reduce production costs
d) To limit technological innovation

Answer: b) To gain competitive advantage

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Growing Partnerships and Relationships
AACSB: Strategic Management
Bloom code: Application

85) Which technological advancement has significantly influenced modern business operations?

a) Steam engine
b) Assembly line
c) Artificial intelligence
d) Electric telegraph

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Answer: c) Artificial intelligence

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Digital Transformation and Artificial Intelligence
AACSB: Technology
Bloom code: Application

86) The ability to perceive marketplace needs and what an organization can do to satisfy them is referred to as _____.

a) competitive differentiation
b) vision
c) brand management
d) relationship management

Answer: b) vision

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

87) Which is the ability to perceive marketplace needs and what an organization must do to satisfy these needs?

a) Critical thinking
b) Social responsibility
c) Vision
d) Creativity

Answer: c) Vision

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

88) Ramona works for ABC Pharmaceutical Company and gives a presentation on the need to expand the company's geriatric division within the next 10 years. Ramona is focusing primarily on establishing the company's _____.

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a) morales
b) ethics
c) vision
d) codes

Answer: c) vision

Difficulty: Medium
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Application

89) In business, _____ refers to the ability to see better and different ways of doing business.

a) critical thinking
b) social responsibility
c) creativity
d) vision

Answer: c) creativity

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

90) Tevasoft, a content management company, introduces a new software tool for quality analysis. This product has been programmed and introduced after several rounds of meticulous analysis that included researching, brainstorming sessions, arguments, and several rounds of testing for the product's accuracy and authenticity. In this scenario, which of the following has Tevasoft demonstrated?

a) Critical thinking
b) Competitive differentiation
c) Sociability
d) Creativity

Answer: a) Critical thinking

Difficulty: Medium
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Application

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91) When 3M managers decided to manufacture Post-it ® notes, a new product was born. This was an example of _____ in action.

a) critical-thinking skills
b) vision
c) social responsibility
d) creativity

Answer: d) creativity

Difficulty: Medium
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Application

92) Himesh is seeking to revitalize his graphic design company with new innovations and has called for a brainstorming meeting with his top designers. Himesh is _____.

a) enacting his company's vision
b) improving his productivity
c) thinking critically
d) utilizing his creativity

Answer: d) utilizing his creativity

Difficulty: Medium
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Application

93) Feedback from customers is an example of a(n) _____ that requires organizational change.

a) internal force
b) external force
c) change agent
d) marketing issue

Answer: b) external force

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic

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Bloom code: Comprehension

94) Which of the following is **NOT** an example of an internal force that requires organizational change?

a) Labor union demands
b) Production problems
c) New technologies
d) New company goals

Answer: c) New technologies

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

95) _____ refers to the standards of conduct and moral values involving decisions made in the work environment.

a) Diversity
b) Vision
c) Relationship management
d) Business ethics

Answer: d) Business ethics

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Knowledge

96) Which of these refers to standards of conduct and moral values of a firm?

a) Creativity
b) Business ethics
c) A social audit
d) A social responsibility

Answer: b) Business ethics

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable

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company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Knowledge

97) "Newman's Own" is a food product line that gives 100 percent of its after-tax profits to charity. This company is ____.

a) evaluating its business ethics
b) enacting upon its social responsibility
c) creating customer satisfaction
d) using creativity to promote sales

Answer: b) enacting upon its social responsibility

Difficulty: Medium
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Application

98) When management adheres to a set of standards involving the right and wrong actions arising in the work environment, the management is _____.

a) enacting upon its social responsibility
b) following its business ethics
c) working towards social welfare
d) using creativity to encourage team spirit

Answer: b) following its business ethics

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Comprehension

99) When ABC Tool's management decided to preserve the local environment by planting 1,000 trees every year, the company is _____.

a) using creativity to ensure sustained growth
b) following its business ethics
c) working towards social welfare
d) enacting upon its social responsibility

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Answer: d) enacting upon its social responsibility

Difficulty: Medium
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Application

100) Social responsibility would include all of the following EXCEPT _____.

a) supporting the local United Way
b) buying goods and services from minority-owned vendors
c) making campaign contributions to politicians in the hope of obtaining a government contract
d) making contributions to the local public radio station

Answer: c) making campaign contributions to politicians in the hope of obtaining a government contract

Difficulty: Medium
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Application

Question type: True/False

101) Companies need to be ethical to succeed in the long run.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Knowledge

102) In order to remain viable, not-for-profit organizations need to focus on profits even more than the public service they provide.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.1 Define business.

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Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

103) Just as with a for-profit business, the first priority for a not-for-profit organization is making a profit.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

104) Given that not-for-profit organizations still focus on and make profits, they are commonly required to pay federal, state, and local taxes.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Comprehension

105) Labor encompasses both the physical labor and the intellectual inputs contributed by workers.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

106) Capital usually includes entrepreneurs and human resources.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

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107) Land is linked to the factor payment of rent.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

108) Technology is considered to be a form of capital.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

109) Technology and capital are considered as two separate factors of production.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Comprehension

110) When farmers rent land in order to increase crop production, they are acquiring capital.

Answer: False

Difficulty: Medium
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Application

111) “Risk-taking” and entrepreneurship are synonymous.

Answer: True

Difficulty: Easy

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Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

112) Government intervention is critically important and encouraged in the private enterprise system.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

113) The private enterprise system is enhanced by maximized government participation.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

114) Capitalism is another name for the private enterprise system.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

115) In the private enterprise system, the right to private property is considered the most basic right.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

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116) When customers enter a supermarket and select their favorite brand of laundry detergent, they are exercising their right to freedom of choice.

Answer: True

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Application

117) In the private enterprise system, government has no role to play in ensuring fair competition.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

118) For a business to be successful, competitive differentiation is highly discouraged.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

119) A common characteristic of most entrepreneurs is finding unique ways to use the factors of production.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

120) During the era of Industrial Revolution, the focus was on agriculture and other rural activities.

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Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

121) The Industrial Revolution began in Germany and quickly spread to the rest of Europe.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

122) The Industrial Revolution introduced a strong emphasis on the factory system.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

123) One factor that led to the Industrial Revolution was the development of the social era.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

124) A key element of the age of industrial entrepreneurs was the use of consumer research.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business

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AACSB: Analytic
Bloom code: Knowledge

125) Assembly lines were introduced during the production era.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

126) In consumer orientation, a company creates a product first and then determines if a consumer is likely to purchase the product.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

127) The Nike swoosh is an example of a brand.

Answer: True

Difficulty: Medium
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Application

128) Transaction management best describes the current philosophy among managers today.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

129) Transaction management was introduced during the era of Industrial Revolution.

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Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

130) The social era is based on the premise that organizations create value through connections with groups or networks of people with similar goals and interests.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

131) Relationship management refers to ongoing, mutually beneficial ties between an organization and its customers.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

132) Relationship management concentrates on short-term interactions with customers.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Knowledge

133) If Motorola and Microsoft work on developing an innovative cell phone, then such an arrangement would be an example of a strategic alliance.

Answer: True

Difficulty: Medium

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Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

134) The need to develop environmentally friendly products and processes is becoming a major new force in business today.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

135) A strategic alliance is a partnership formed to create a competitive advantage for the businesses involved.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

136) During the next few years, the average age of the workforce is expected to decrease.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

137) The supply of jobs is slowly becoming greater than the demand for workers.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

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138) According to research, work teams consisting of a diverse group of individuals often are less productive than less diverse work teams.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

139) Even with advances in management and communications, manufacturing still accounts for most of the annual output in the United States.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

140) Outsourcing is the use of outside vendors to produce goods or fulfill services and functions that were previously handled in-house or in-country.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

141) Millennials, the largest demographic group in today's workforce, tend to care less about money and the work-comes-first lifestyle.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

142) The managerial quality of vision is the ability to perceive marketplace needs and what an

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organization must do to satisfy them.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

143) For today's managers, critical thinking skills and creativity are essential qualities.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

144) In business, creativity refers to the ability to see better and different ways of doing business.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

145) Creativity is the capacity to develop well-tested solutions to common organizational problems.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

146) Physical exercise releases endorphins, which prevents a manager from coming up with creative ideas.

Answer: False

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Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

147) Mental exercises like brainstorming often foster creativity.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Knowledge

148) Feedback from customers is an example of an internal force that would require change.

Answer: False

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

149) Business ethics deal with the right versus wrong actions that arise in a work environment.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Knowledge

150) Participating in nonprofit programs is an example of exhibiting social responsibility.

Answer: True

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic

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Bloom code: Comprehension

Question type: Essay

151) Define profit. Your roommate makes the following statement, "The success of a business is measured only by the profit it earns." Do you agree? Explain your answer.

Answer:
Profit is the financial reward received by successful businesspeople who take the risks involved in blending people, technology, and information to create and market want-satisfying goods and services. In order to be successful in a private enterprise system, a business must earn a satisfactory profit; otherwise, the owners and investors will turn to more attractive opportunities. However, businesses today are expected to do more than earn a satisfactory profit—they also have social and ethical responsibilities. In other words, businesses must behave responsibly in their dealings with employees, customers, suppliers, investors, creditors, government, the general public, and even with their competitors.

Difficulty: Medium
Learning Objective: LO 1.1 Define business.
Section Reference: 1.1 What is Business?
AACSB: Analytic
Bloom code: Application

152) Is technology a capital source? Explain.

Answer:
Technology is a broad term that refers to such machinery and equipment as computers and software, telecommunications, and inventions designed to improve production. Information, frequently improved by technological innovations, is another critical factor because both managers and operating employees require accurate, timely information for effective performance of their assigned tasks. Technology plays an important role in the success of many businesses. Bill Gates is quoted as saying: "Information technology and business are becoming inextricably interwoven. I don't think anyone can talk meaningfully about one without talking about the other." Sometimes technology results in a new product such as the Google self-driving car, which is able to navigate without human input.

Difficulty: Easy
Learning Objective: LO 1.2 Identify and describe the economic factors of production.
Section Reference: 1.2 Economic Factors of Production
AACSB: Analytic
Bloom code: Knowledge

153) Explain why competition is important according to Adam Smith.

Answer:
Adam Smith, the author of the book *The Wealth of Nations*, identified that competition among

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firms would lead to consumers' receiving the best possible products and prices because less efficient producers would gradually be driven from the marketplace.

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Knowledge

154) What are the four basic rights in the private enterprise system? Briefly describe each right.

Answer:
The right to private property guarantees every participant the right to own, use, buy, sell, and bequeath most forms of property. The right to profits ensures business owners the right to all profits (after taxes) they earn through their activities. Freedom of choice means that a private enterprise system relies on the potential for citizens to choose their own employment, purchases, and investments. Finally, the private enterprise system permits fair competition by allowing the public to set rules for competitive activity, including laws that prohibit "cutthroat" competition.

Difficulty: Easy
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Comprehension

155) What did Nordstrom do differently to achieve a considerable increase in its annual sales?

Answer:
Nordstrom has implemented digital selling tools designed to support new ways of serving customers across all brands and channels, which include its physical Nordstrom store, Nordstrom Online, Nordstrom Rack, NordstromRack.com, Hautelook, and Trunk Club (the company's men's-oriented personal shopper brand). With e-commerce representing 25% of Nordstrom's business, technology spending has accelerated with plans to continue innovating its tech platform, designed to deliver both digital and mobile enhancements. For example, Nordstrom has implemented "unified commerce," whereby, in addition to curbside delivery in all U.S. full-line stores, a customer can buy online, pick up in store (BOPIS). In an effort to bridge its physical and digital businesses, a mobile feature now allows a customer to reserve items online to try on in stores. Perhaps Nordstrom's best-known competitive advantage is its commitment to outstanding customer service, which the company believes must be managed largely in part with technology.

Difficulty: Medium
Learning Objective: LO 1.3 Describe the private enterprise system.
Section Reference: 1.3 The Private Enterprise System
AACSB: Analytic
Bloom code: Analysis

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156) What are the seven eras of business history? Name and describe the era used by businesses today.

Answer:
The seven eras are the Colonial period, the Industrial Revolution, the age of industrial entrepreneurs, the production era, the marketing era, the relationship era, and the social era. Today's era, the social era, can be described as a new approach to the way businesses and individuals interact, connect, communicate, share, and exchange information with each other in virtual communities and networks around the world.

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

157) Describe the business approach used in the relationship era.

Answer:
In the relationship era, businesses are taking a different, longer-term approach in interacting with and creating authentic customer relationships. Companies now seek ways to actively nurture customer loyalty by carefully managing every interaction. They earn enormous paybacks for their efforts. A company that retains customers over the long haul reduces its advertising and sales costs. Because customer spending tends to accelerate over time, revenues also grow. Companies with long-term customers often can avoid costly reliance on price discounts to attract new business, and they find that many new buyers come from loyal customer referrals. Because it is much less expensive to serve existing customers than to find new ones, businesses that develop long-term customer relationships can reduce their overall costs. Long-term relationships with customers enable businesses to improve their understanding of what customers want and prefer from the company. As a result, businesses enhance their chances of sustaining real advantages through competitive differentiation.

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

158) Differentiate between transaction management and relationship management.

Answer:
Transaction management is an approach that focuses on building, promoting, and selling enough products to cover costs and earn profits. In relationship management, businesses seek ways to actively nurture customer loyalty by carefully managing every interaction. It includes activities that build and maintain ongoing, mutually beneficial ties with customers and other parties.

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Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

159) Briefly describe the Industrial Revolution. What was its contribution to the evolution of business?

Answer:
The Industrial Revolution began in England around 1750. It moved business operations from an emphasis on independent, skilled workers who specialized in building products one by one, to a factory system that mass-produced items by bringing together large numbers of semiskilled workers. The factories profited from the savings created by large-scale production, bolstered by increasing support from machines over time. As businesses grew, they could often purchase raw materials more cheaply in larger lots than before. Specialization of labor, limiting each worker to a few specific tasks in the production process, also improved production efficiency. Influenced by these events in England, business in the United States began a time of rapid industrialization. Agriculture became mechanized, and factories sprang up in cities. During the mid-1800s, the pace of the revolution was increased as newly built railroad systems provided fast, economical transportation. In California, for example, the combination of railroad construction and the gold rush fueled a tremendous demand for construction.

Difficulty: Easy
Learning Objective: LO 1.4 Identify the seven eras in the history of business.
Section Reference: 1.4 Seven Eras in the History of Business
AACSB: Analytic
Bloom code: Comprehension

160) Explain strategic alliance with an example.

Answer:
Strategic alliance is a partnership formed to create a competitive advantage for the businesses involved. In international business, it refers to a business strategy in which a company finds a partner in the country where it wants to do business. The strategic alliance between the American pharmaceutical giant Pfizer and the German biotechnology company BioNTech brought together the production and global distribution capability of Pfizer and the leading-edge development of a vaccine against Covid-19. Working together the firms could deliver a vaccine to the world by bringing their respective capabilities to the task.

Difficulty: Medium
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Application

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161) Is a diverse workforce advantageous to businesses? Explain.

Answer:
Studies show that diverse employee teams and workforces tend to perform tasks more effectively and develop better solutions to business problems than homogeneous employee groups. A diverse workforce may improve management's understanding of customer needs and relationships with consumer groups.

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

162) Describe offshoring and its related trends.

Answer:
Offshoring is the relocation of business processes to lower-cost locations overseas. This can include both production and services. In recent years, India ranked as the top offshoring destination worldwide, followed by China and Malaysia. Some U.S. companies are now structured so that entire divisions or functions are developed and staffed overseas.

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic
Bloom code: Knowledge

163) Define outsourcing. Explain the utility of outsourcing in the United States.

Answer:
Outsourcing involves the use of outside vendors—contracting work out to another party—for the production of goods or fulfillment of services and functions previously performed in house. Manufacturing used to account for most of the U.S.'s annual output, but the balance has now shifted to services such as hospitality, retail, health care, human services, information technology, financial services, and education. This means that product firms, for example, with a higher service component, must rely on well-trained workers who have the knowledge, problem-solving and technical skills, and ability to communicate and deal with people as part of their daily work. Oftentimes, market pressures drive a firm to reduce costs by outsourcing in order to focus its resources on other components of its business.

Difficulty: Easy
Learning Objective: LO 1.5 Explain current trends related to business.
Section Reference: 1.5 Current Trends Related to Business
AACSB: Analytic

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Bloom code: Comprehension

164) What is vision? Explain with an example why it is an important managerial quality.

Answer:
Vision is the ability to perceive marketplace needs and what an organization must do to satisfy them. Shake Shack's owner, restaurateur Danny Meyers, is an example of a leader with a definite vision who has reaped significant rewards operating within the private enterprise system. By successfully identifying and serving the needs and demands of customers who think nothing of standing in long lines to experience all-natural menu items and great customer service, Meyer has created somewhat of a cult following for his Shake Shack dining experience. Also coveted for its frozen custard, Shake Shack's core philosophy is based on the simple mantra of "enlightened hospitality," which translates to a warmer, friendlier, and more engaging customer service experience for its burger-loving clientele. Known affectionately as the "Shack Team," employees are expected to embody the "5 tenets of enlightened hospitality": taking care of each other, our guests, our community, our suppliers, and our stockholders. With its recent IPO, the Shack Team has more than just a few stockholders to consider and has expanded beyond the Big Apple to locations including Miami, Chicago, Atlanta, and Austin.

Difficulty: Medium
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Application

165) Describe critical thinking and creativity. Explain why they are important qualities for today's manager.

Answer:
Critical thinking is the ability to analyze and assess information to pinpoint problems or opportunities. The critical-thinking process includes activities such as determining the authenticity, accuracy, and worth of data, information, knowledge, and arguments. It involves looking beneath the surface for deeper meaning and connections that can help identify critical issues and solutions. Although most people think of creativity in relation to writers, artists, musicians, and inventors, that is a very limited definition. In business, creativity refers to the ability to see better and different ways of doing business. A computer engineer who solves a glitch in a software program is executing a creative act.

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

166) What are some examples of external and internal forces that would require a manager to lead organizational change?

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Answer:
External forces might include feedback from customers, developments in the international marketplace, economic trends, and new technologies. Internal factors might arise from new company goals, emerging employee needs, labor union demands, or production problems.

Difficulty: Easy
Learning Objective: LO 1.6 Identify the skills and attributes needed for today's manager.
Section Reference: 1.6 Skills and Attributes Needed by Today's Managers
AACSB: Analytic
Bloom code: Comprehension

167) Differentiate between business ethics and social responsibility.

Answer:
Business ethics refers to the standards of conduct and moral values involving right and wrong actions in the work environment. Social responsibility is a management philosophy that includes contributing resources to the community, preserving the natural environment, and developing or participating in nonprofit programs designed to promote the well-being of the general public.

Difficulty: Easy
Learning Objective: LO 1.7 Outline the characteristics that make for a successful and admirable company.
Section Reference: 1.7 What Makes for a Successful and Admirable Company?
AACSB: Analytic
Bloom code: Comprehension

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