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| **Study Guide**  **Unit 05** | |
| Student |  |
| Class |  |
| Date |  |

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| **1.** | Which occurs when the supply of individuals who are able and willing to work diminishes? |
|  | |  |  | | --- | --- | | **A.** | Capital goods become unlimited. | |
|  | |  |  | | --- | --- | | **B.** | Capital goods become limited. | |
|  | |  |  | | --- | --- | | **C.** | Human resources become limited. | |
|  | |  |  | | --- | --- | | **D.** | Human resources become unlimited. | |
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| **2.** | A local dry cleaner that also launders and presses shirts is selling: |
|  | |  |  | | --- | --- | | **A.** | industrial supplies. | |
|  | |  |  | | --- | --- | | **B.** | specialty goods. | |
|  | |  |  | | --- | --- | | **C.** | tangible items. | |
|  | |  |  | | --- | --- | | **D.** | consumer services. | |
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| **3.** | One factor that might limit the human resources available for certain jobs is a/an: |
|  | |  |  | | --- | --- | | **A.** | organized training program. | |
|  | |  |  | | --- | --- | | **B.** | appealing company image. | |
|  | |  |  | | --- | --- | | **C.** | good safety record. | |
|  | |  |  | | --- | --- | | **D.** | inadequate pay level. | |
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| **4.** | Which group of words **best** describes wants? |
|  | |  |  | | --- | --- | | **A.** | limited, changing, and compensating | |
|  | |  |  | | --- | --- | | **B.** | unlimited, changing, and competing | |
|  | |  |  | | --- | --- | | **C.** | limited, unchanging, and competing | |
|  | |  |  | | --- | --- | | **D.** | unlimited, unchanging, and compensating | |
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| **5.** | A business that begins selling winter holiday decorations in late autumn is creating what type of utility? |
|  | |  |  | | --- | --- | | **A.** | time | |
|  | |  |  | | --- | --- | | **B.** | place | |
|  | |  |  | | --- | --- | | **C.** | form | |
|  | |  |  | | --- | --- | | **D.** | possession | |
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| **6.** | Which is a natural resource that can be renewed through people's efforts? |
|  | |  |  | | --- | --- | | **A.** | Water | |
|  | |  |  | | --- | --- | | **B.** | Crude oil | |
|  | |  |  | | --- | --- | | **C.** | Trees | |
|  | |  |  | | --- | --- | | **D.** | Mineral deposits | |
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| **7.** | Which is an example of an economic service? |
|  | |  |  | | --- | --- | | **A.** | car stereo | |
|  | |  |  | | --- | --- | | **B.** | tennis shoes | |
|  | |  |  | | --- | --- | | **C.** | baseball glove | |
|  | |  |  | | --- | --- | | **D.** | concert ticket | |
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| **8.** | A killing frost destroys 80% of Florida's citrus crop. This will **most likely** create: |
|  | |  |  | | --- | --- | | **A.** | pure competition. | |
|  | |  |  | | --- | --- | | **B.** | a buyer's market. | |
|  | |  |  | | --- | --- | | **C.** | a seller's market. | |
|  | |  |  | | --- | --- | | **D.** | inelastic demand. | |
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| **9.** | Which is an external factor that affects market price? |
|  | |  |  | | --- | --- | | **A.** | location of items in store | |
|  | |  |  | | --- | --- | | **B.** | consumer buying power | |
|  | |  |  | | --- | --- | | **C.** | number of items in stock | |
|  | |  |  | | --- | --- | | **D.** | available credit terms | |
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| **10.** | A farmer has 1,000 acres. He decides to plant apple trees on 800 acres and raise cows on the remaining 200 acres. If he wanted to raise more cows, he would have to reduce the amount of land allotted to growing apples. This is an example of: |
|  | |  |  | | --- | --- | | **A.** | distribution. | |
|  | |  |  | | --- | --- | | **B.** | opportunity cost. | |
|  | |  |  | | --- | --- | | **C.** | efficiency. | |
|  | |  |  | | --- | --- | | **D.** | utility. | |
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| **11.** | A local dealership purchased 100 blue pickup trucks, but has only been able to sell three in the past five months. Because of the low demand for these trucks, the dealer has been forced to lower the sticker prices, creating which type of market for blue pickup trucks? |
|  | |  |  | | --- | --- | | **A.** | buyer’s | |
|  | |  |  | | --- | --- | | **B.** | discount | |
|  | |  |  | | --- | --- | | **C.** | seller’s | |
|  | |  |  | | --- | --- | | **D.** | automotive | |
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| **12.** | Which change provides the **most** time utility for a consumer? |
|  | |  |  | | --- | --- | | **A.** | staying open for business on the weekend | |
|  | |  |  | | --- | --- | | **B.** | arriving at a product trade show early | |
|  | |  |  | | --- | --- | | **C.** | shopping for a product in the morning | |
|  | |  |  | | --- | --- | | **D.** | asking for early delivery of a product | |
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| **13.** | The desire for which item(s) would be considered a noneconomic want? |
|  | |  |  | | --- | --- | | **A.** | a car | |
|  | |  |  | | --- | --- | | **B.** | nutritious food | |
|  | |  |  | | --- | --- | | **C.** | a walk | |
|  | |  |  | | --- | --- | | **D.** | new clothing | |
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| **14.** | Which situations would cause prices to rise? |
|  | |  |  | | --- | --- | | **A.** | The corn crop is unusually large one summer. | |
|  | |  |  | | --- | --- | | **B.** | Insects destroy a large cotton crop. | |
|  | |  |  | | --- | --- | | **C.** | Animal rights activists march in front of a fur store. | |
|  | |  |  | | --- | --- | | **D.** | A newspaper article describes poor service provided by a hotel. | |
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| **15.** | Equilibrium price of a good or service is determined by trial and error and exists when: |
|  | |  |  | | --- | --- | | **A.** | research shows what the market will tolerate. | |
|  | |  |  | | --- | --- | | **B.** | the amount supplied is equal to the amount demanded. | |
|  | |  |  | | --- | --- | | **C.** | businesses total their costs and markup. | |
|  | |  |  | | --- | --- | | **D.** | businesses compute the average selling price in the area. | |
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| **16.** | Which is a reason that natural resources are considered limited? |
|  | |  |  | | --- | --- | | **A.** | People lack training or skills needed to do a job. | |
|  | |  |  | | --- | --- | | **B.** | Technology has advanced faster than training. | |
|  | |  |  | | --- | --- | | **C.** | Some countries are unable to manufacture them. | |
|  | |  |  | | --- | --- | | **D.** | The earth has certain boundaries. | |
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| **17.** | The usefulness of a product to consumers is referred to as product: |
|  | |  |  | | --- | --- | | **A.** | scarcity. | |
|  | |  |  | | --- | --- | | **B.** | utility. | |
|  | |  |  | | --- | --- | | **C.** | allocation. | |
|  | |  |  | | --- | --- | | **D.** | consumption. | |
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| **18.** | When prices increase, producers usually: |
|  | |  |  | | --- | --- | | **A.** | increase demand. | |
|  | |  |  | | --- | --- | | **B.** | decrease supply. | |
|  | |  |  | | --- | --- | | **C.** | increase supply. | |
|  | |  |  | | --- | --- | | **D.** | decrease profits. | |
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| **19.** | In business terms, what is profit? |
|  | |  |  | | --- | --- | | **A.** | a risky venture | |
|  | |  |  | | --- | --- | | **B.** | a good investment | |
|  | |  |  | | --- | --- | | **C.** | a holiday bonus | |
|  | |  |  | | --- | --- | | **D.** | a monetary reward | |
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| **20.** | Which would customers need to present at the time of purchase to get money taken off the purchase price of the item? |
|  | |  |  | | --- | --- | | **A.** | discount coupons | |
|  | |  |  | | --- | --- | | **B.** | rebate certificates | |
|  | |  |  | | --- | --- | | **C.** | refund checks | |
|  | |  |  | | --- | --- | | **D.** | sales receipts | |
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| **21.** | Countries whose governments provide citizens with free medical care, education, and other benefits often are referred to as which type of state? |
|  | |  |  | | --- | --- | | **A.** | military | |
|  | |  |  | | --- | --- | | **B.** | capitalist | |
|  | |  |  | | --- | --- | | **C.** | consumer | |
|  | |  |  | | --- | --- | | **D.** | welfare | |
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| **22.** | What is a business's net profit if it has $762,750 in income, $291,400 in operating expenses, and $238,930 in cost of goods? |
|  | |  |  | | --- | --- | | **A.** | $368,730 | |
|  | |  |  | | --- | --- | | **B.** | $232,420 | |
|  | |  |  | | --- | --- | | **C.** | $471,350 | |
|  | |  |  | | --- | --- | | **D.** | $523,820 | |
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| **23.** | In a private enterprise economic system, the interaction of supply and demand primarily determines: |
|  | |  |  | | --- | --- | | **A.** | government regulation. | |
|  | |  |  | | --- | --- | | **B.** | economic choices. | |
|  | |  |  | | --- | --- | | **C.** | the extent of pollution. | |
|  | |  |  | | --- | --- | | **D.** | product prices. | |
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| **24.** | For a business, income remaining after payment of expenses is: |
|  | |  |  | | --- | --- | | **A.** | loss. | |
|  | |  |  | | --- | --- | | **B.** | capital. | |
|  | |  |  | | --- | --- | | **C.** | profit. | |
|  | |  |  | | --- | --- | | **D.** | debt. | |
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| **25.** | A major characteristic of a market economy is which type of ownership of property? |
|  | |  |  | | --- | --- | | **A.** | monopolistic | |
|  | |  |  | | --- | --- | | **B.** | limited | |
|  | |  |  | | --- | --- | | **C.** | government | |
|  | |  |  | | --- | --- | | **D.** | private | |
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| **26.** | Which represents a natural risk for the owner of a delivery service? |
|  | |  |  | | --- | --- | | **A.** | snowstorm | |
|  | |  |  | | --- | --- | | **B.** | accident | |
|  | |  |  | | --- | --- | | **C.** | rising prices | |
|  | |  |  | | --- | --- | | **D.** | government intervention | |
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| **27.** | Which is an example of a speculative business risk? |
|  | |  |  | | --- | --- | | **A.** | A special promotion fails to increase sales. | |
|  | |  |  | | --- | --- | | **B.** | A supplier's shipment is lost in transit. | |
|  | |  |  | | --- | --- | | **C.** | A cashier gives unauthorized discounts to friends. | |
|  | |  |  | | --- | --- | | **D.** | A customer is injured at a business and sues the company. | |
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| **28.** | When manufacturers give back part of the purchase price of an item to the customer, the manufacturers are engaged in: |
|  | |  |  | | --- | --- | | **A.** | price fixing. | |
|  | |  |  | | --- | --- | | **B.** | nonprice competition. | |
|  | |  |  | | --- | --- | | **C.** | clearance sales. | |
|  | |  |  | | --- | --- | | **D.** | offering rebates. | |
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| **29.** | A vendor is extending credit to the Jones Company in return for the Jones Company's agreement to use the vendor as the sole source of its supplies. What federal act is the vendor and the Jones Company violating? |
|  | |  |  | | --- | --- | | **A.** | Celler-Kefauver Act | |
|  | |  |  | | --- | --- | | **B.** | Clayton Act | |
|  | |  |  | | --- | --- | | **C.** | Sherman Act | |
|  | |  |  | | --- | --- | | **D.** | Robinson-Patman Act | |
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| **30.** | The basic role of the United States government is to: |
|  | |  |  | | --- | --- | | **A.** | limit business startups. | |
|  | |  |  | | --- | --- | | **B.** | maintain control of prices. | |
|  | |  |  | | --- | --- | | **C.** | increase production. | |
|  | |  |  | | --- | --- | | **D.** | protect U.S. citizens. | |
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| **31.** | A business selects goods or services to sell. Which type of risk is this business using? |
|  | |  |  | | --- | --- | | **A.** | transferring risk | |
|  | |  |  | | --- | --- | | **B.** | controlling risk | |
|  | |  |  | | --- | --- | | **C.** | bypassing risk | |
|  | |  |  | | --- | --- | | **D.** | avoiding risk | |
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| **32.** | Who decides how goods and services will be marketed in a private enterprise economic system? |
|  | |  |  | | --- | --- | | **A.** | legislators | |
|  | |  |  | | --- | --- | | **B.** | business people | |
|  | |  |  | | --- | --- | | **C.** | competitors | |
|  | |  |  | | --- | --- | | **D.** | consumers | |
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| **33.** | Which is a problem associated with communist command economies? |
|  | |  |  | | --- | --- | | **A.** | There is no competition. | |
|  | |  |  | | --- | --- | | **B.** | There are high taxes. | |
|  | |  |  | | --- | --- | | **C.** | Supply and demand control what will be produced. | |
|  | |  |  | | --- | --- | | **D.** | Individuals run the risk of losing their businesses. | |
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| **34.** | If a business is **not** concerned about social responsibility, it is likely to: |
|  | |  |  | | --- | --- | | **A.** | become solvent. | |
|  | |  |  | | --- | --- | | **B.** | prosper. | |
|  | |  |  | | --- | --- | | **C.** | grow. | |
|  | |  |  | | --- | --- | | **D.** | be a failure. | |
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| **35.** | Which factor has aided the **most** in creating a global business environment? |
|  | |  |  | | --- | --- | | **A.** | technology | |
|  | |  |  | | --- | --- | | **B.** | government | |
|  | |  |  | | --- | --- | | **C.** | cultural change | |
|  | |  |  | | --- | --- | | **D.** | exchange rate | |
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| **36.** | Which is an example of ethical business behavior? |
|  | |  |  | | --- | --- | | **A.** | testing products to ensure they are safe to use | |
|  | |  |  | | --- | --- | | **B.** | accepting a bribe from a prominent customer | |
|  | |  |  | | --- | --- | | **C.** | using advertisements to confuse customers | |
|  | |  |  | | --- | --- | | **D.** | disclosing partial information about products | |
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| **37.** | Business ethics involve considering issues about what is: |
|  | |  |  | | --- | --- | | **A.** | positive and negative. | |
|  | |  |  | | --- | --- | | **B.** | legal and illegal. | |
|  | |  |  | | --- | --- | | **C.** | safe and unsafe. | |
|  | |  |  | | --- | --- | | **D.** | right and wrong. | |
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| **38.** | Which situation would **most *likely*** indicate the need to adapt to changes in the business environment? |
|  | |  |  | | --- | --- | | **A.** | The supply of materials used in manufacturing a product has decreased. | |
|  | |  |  | | --- | --- | | **B.** | The number of the business's competitors has decreased. | |
|  | |  |  | | --- | --- | | **C.** | The demand for the product is stable. | |
|  | |  |  | | --- | --- | | **D.** | The business has experienced little employee turnover during the past year. | |
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| **39.** | One reason why many small businesses develop an organizational design that requires a board of directors is because a board usually: |
|  | |  |  | | --- | --- | | **A.** | provides experience that increases the business's credibility. | |
|  | |  |  | | --- | --- | | **B.** | assumes all legal responsibility for the business's actions. | |
|  | |  |  | | --- | --- | | **C.** | helps with the day-to-day operations of the business. | |
|  | |  |  | | --- | --- | | **D.** | evaluates the performance of the business's employees. | |
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| **40.** | A group of individuals wants to open a museum that will display items from early settlers of the area. The group will charge just enough admission to pay the expenses of operating the museum. Will the museum be a business? |
|  | |  |  | | --- | --- | | **A.** | No, the museum will not be considered a business. | |
|  | |  |  | | --- | --- | | **B.** | No, the museum will be a charitable institution. | |
|  | |  |  | | --- | --- | | **C.** | Yes, the museum will be a not-for-profit business. | |
|  | |  |  | | --- | --- | | **D.** | Yes, the museum will be a for-profit business. | |
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| **41.** | The two main divisions of the trade industry are: |
|  | |  |  | | --- | --- | | **A.** | manufacturers and wholesalers. | |
|  | |  |  | | --- | --- | | **B.** | wholesalers and retailers. | |
|  | |  |  | | --- | --- | | **C.** | producers and retailers. | |
|  | |  |  | | --- | --- | | **D.** | wholesalers and producers. | |
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| **42.** | The owner of a small company decides to stock a new product. Which business activity should the owner use to inform potential customers about the new product? |
|  | |  |  | | --- | --- | | **A.** | finance | |
|  | |  |  | | --- | --- | | **B.** | marketing | |
|  | |  |  | | --- | --- | | **C.** | management | |
|  | |  |  | | --- | --- | | **D.** | production | |
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| **43.** | Which is an example of an economic factor that affects the business environment? |
|  | |  |  | | --- | --- | | **A.** | business cycle | |
|  | |  |  | | --- | --- | | **B.** | employee morale | |
|  | |  |  | | --- | --- | | **C.** | management style | |
|  | |  |  | | --- | --- | | **D.** | long-term goals | |
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| **44.** | Which is a factor that affects the business environment? |
|  | |  |  | | --- | --- | | **A.** | industry competition | |
|  | |  |  | | --- | --- | | **B.** | staff organization | |
|  | |  |  | | --- | --- | | **C.** | information management | |
|  | |  |  | | --- | --- | | **D.** | conflict negotiation | |
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| **45.** | A U.S. company would decide to offer its products in other countries as a reason to: |
|  | |  |  | | --- | --- | | **A.** | subsidize developing countries. | |
|  | |  |  | | --- | --- | | **B.** | sell obsolete, outdated products. | |
|  | |  |  | | --- | --- | | **C.** | expand to new, untapped markets. | |
|  | |  |  | | --- | --- | | **D.** | provide jobs to people in other countries. | |
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| **46.** | A small-business owner whose business is a sole proprietorship is planning to “go global.” What method for going global would be **best** to recommend to the small-business owner? |
|  | |  |  | | --- | --- | | **A.** | Start by hiring an export management company. | |
|  | |  |  | | --- | --- | | **B.** | Start by building facilities in the countries of interest. | |
|  | |  |  | | --- | --- | | **C.** | Start by merging with a foreign business that can sell your products. | |
|  | |  |  | | --- | --- | | **D.** | Start by renting facilities in the countries of interest and hiring foreign employees. | |
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| **47.** | Which affects the business environment because it provides the ***most*** options for consumers? |
|  | |  |  | | --- | --- | | **A.** | command economy | |
|  | |  |  | | --- | --- | | **B.** | international sanctions | |
|  | |  |  | | --- | --- | | **C.** | monopoly | |
|  | |  |  | | --- | --- | | **D.** | global competition | |
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| **48.** | Three primary factors that affect the organizational structure of a business include interpersonal relationships, tasks, and: |
|  | |  |  | | --- | --- | | **A.** | injunction. | |
|  | |  |  | | --- | --- | | **B.** | authority. | |
|  | |  |  | | --- | --- | | **C.** | initiative. | |
|  | |  |  | | --- | --- | | **D.** | attrition. | |
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| **49.** | Businesses that successfully adapt to current market situations often realize that: |
|  | |  |  | | --- | --- | | **A.** | cutting costs is important. | |
|  | |  |  | | --- | --- | | **B.** | more financing is necessary. | |
|  | |  |  | | --- | --- | | **C.** | diversification is the key. | |
|  | |  |  | | --- | --- | | **D.** | change is an opportunity. | |
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| **50.** | The government can borrow money from the private sector in order to pay the costs of regulation by: |
|  | |  |  | | --- | --- | | **A.** | setting prices. | |
|  | |  |  | | --- | --- | | **B.** | raising taxes. | |
|  | |  |  | | --- | --- | | **C.** | issuing bonds. | |
|  | |  |  | | --- | --- | | **D.** | selling licenses. | |
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| **51.** | Which provides government protection of business property? |
|  | |  |  | | --- | --- | | **A.** | consumer protection laws | |
|  | |  |  | | --- | --- | | **B.** | patents | |
|  | |  |  | | --- | --- | | **C.** | economic incentives | |
|  | |  |  | | --- | --- | | **D.** | revenues | |
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| **52.** | One reason that has caused the government's role in business to expand is that: |
|  | |  |  | | --- | --- | | **A.** | competition in the marketplace has increased. | |
|  | |  |  | | --- | --- | | **B.** | products have become very technical. | |
|  | |  |  | | --- | --- | | **C.** | costs of production have continued to increase. | |
|  | |  |  | | --- | --- | | **D.** | people's attitudes have changed. | |
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| **53.** | The formula that is generally used to measure productivity is: |
|  | |  |  | | --- | --- | | **A.** | outputs divided by inputs. | |
|  | |  |  | | --- | --- | | **B.** | labor divided by resources. | |
|  | |  |  | | --- | --- | | **C.** | goods divided by time. | |
|  | |  |  | | --- | --- | | **D.** | inputs divided by labor. | |
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| **54.** | The productivity of an individual worker can be measured by: |
|  | |  |  | | --- | --- | | **A.** | dividing the dollar totals of sales by the number of salespeople who made the sales. | |
|  | |  |  | | --- | --- | | **B.** | dividing the total number of products produced by the number of production steps. | |
|  | |  |  | | --- | --- | | **C.** | dividing the dollar totals of sales by the costs of making all of those sales. | |
|  | |  |  | | --- | --- | | **D.** | dividing the number of customers served by the number of hours an employee worked. | |
|  |  |

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| --- | --- |
| **55.** | If three employees each work 35 hours a week and produce a total of 9,765 items, what is their total hourly productivity level? |
|  | |  |  | | --- | --- | | **A.** | 67 | |
|  | |  |  | | --- | --- | | **B.** | 31 | |
|  | |  |  | | --- | --- | | **C.** | 93 | |
|  | |  |  | | --- | --- | | **D.** | 105 | |
|  |  |