

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

## Chapter 1 - Business Now: Change Is the Only Constant

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

ANSWER: True

2. One personality trait shared by most entrepreneurs is the desire to avoid risk.
- a. True
  - b. False

ANSWER: False

3. A firm will experience a loss when its revenue is less than its expenses.
- a. True
  - b. False

ANSWER: True

4. Producers today deliver better goods more quickly and cheaply than ever before.
- a. True
  - b. False

ANSWER: True

5. "Quality of life" is a narrow measure of social welfare that is based exclusively on the quantity and quality of goods and services produced by a society.
- a. True
  - b. False

ANSWER: False

6. The standard of living reflects the quality and quantity of goods available to a nation's population.
- a. True
  - b. False

ANSWER: True

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

ANSWER: True

8. One characteristic of all not-for-profit organizations is that they do not earn any revenue.
- a. True
  - b. False

ANSWER: False

9. When businesses create more goods and services, their activities increase the standard of living, but have no impact on the quality of life.

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- a. True
- b. False

ANSWER: False

10. Businesses are primarily focused on creating profits by offering products and services desired by the consumer.

- a. True
- b. False

ANSWER: True

11. Typically, socially responsible businesses act as advocates for the well-being of the community.

- a. True
- b. False

ANSWER: True

12. Successful businesses embrace change and carefully evaluate risks.

- a. True
- b. False

ANSWER: True

13. Businesses raise the standard of living through the payment of taxes, which can be used by the government to pay for socially desirable projects.

- a. True
- b. False

ANSWER: True

14. Sal Garmin's business offers computer support to local not-for-profit organizations. If he is like most entrepreneurs, Sal's primary goal is to create wealth for his community.

- a. True
- b. False

ANSWER: False

15. As entrepreneurs create wealth for themselves, they produce a ripple effect that enriches everyone around them.

- a. True
- b. False

ANSWER: True

16. The Industrial Revolution era is recognized for its technological advances.

- a. True
- b. False

ANSWER: True

17. During the entrepreneurship era, the government began to regulate business practices.

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- a. True
- b. False

ANSWER: True

18. During the entrepreneurship era, government began regulating business to protect the consumer and provide guidelines for products and services.

- a. True
- b. False

ANSWER: True

19. Henry Ford's introduction of the assembly line occurred during the production era.

- a. True
- b. False

ANSWER: True

20. The production era is also referred to as the "era of mass production."

- a. True
- b. False

ANSWER: False

21. During the Industrial Revolution, the production process shifted from skilled artisans working in small workshops to semi-skilled workers employed in huge factories.

- a. True
- b. False

ANSWER: True

22. Henry Ford's focus on producing a consistent and quality product represented a shift from the production era to the relationship era.

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: False

24. The marketing era came immediately before the entrepreneurship era.

- a. True
- b. False

ANSWER: False

25. Not-for-profit organizations are in business to make money.

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a. True

b. False

ANSWER: False

26. Not-for-profit organizations focus mainly on health, human services, and religion.

a. True

b. False

ANSWER: False

27. A not-for-profit organization's primary goal is to improve the quality of life in society.

a. True

b. False

ANSWER: True

28. Not-for-profit organizations contribute to their region's economic stability and growth.

a. True

b. False

ANSWER: True

29. Not-for-profit organizations do not play a significant role in economic development.

a. True

b. False

ANSWER: False

30. The primary goal of not-for-profit organizations is to ensure community interests are addressed when providing products or services.

a. True

b. False

ANSWER: True

31. A group of concerned community leaders formed Homeless Help, a not-for-profit organization providing shelter for homeless individuals. Aside from the fact that it doesn't seek a profit, Homeless Help is likely to operate much like a regular business in many respects.

a. True

b. False

ANSWER: True

32. Not-for-profits are business-like establishments, although their primary goal is not to make a profit.

a. True

b. False

ANSWER: True

33. Not-for-profit organizations can be economic magnets within a community.

a. True

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b. False

ANSWER: True

34. Businesses and not-for-profit organizations rely on factors of production to achieve their objectives.

a. True

b. False

ANSWER: True

35. The four factors of production are natural resources, capital, money, and entrepreneurship.

a. True

b. False

ANSWER: False

36. The four factors of production are natural resources, capital, human resources, and entrepreneurship.

a. True

b. False

ANSWER: True

37. Natural resources are created by people as a factor of production and include agricultural products.

a. True

b. False

ANSWER: False

38. Capital, as a factor of production, includes machines, tools, buildings, information, and technology.

a. True

b. False

ANSWER: True

39. Companies use capital to produce goods and services.

a. True

b. False

ANSWER: True

40. Human resources include the physical, intellectual, and creative contributions of people in an economy.

a. True

b. False

ANSWER: True

41. Entrepreneurs are individuals willing to take the risk of owning and operating a business.

a. True

b. False

ANSWER: True

42. In the context of factors of production, the term capital means the money businesses use to finance their

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operations.

- a. True
- b. False

ANSWER: False

43. People can create natural resources by growing and harvesting agricultural products.

- a. True
- b. False

ANSWER: False

44. The value of all natural resources tends to rise with high supply.

- a. True
- b. False

ANSWER: False

45. Entrepreneurship is the resource that appears to be the most important determinant of economic growth.

- a. True
- b. False

ANSWER: True

46. Scott started mowing his neighbour's lawn while he was in school. After returning from college, he started a landscaping business and hired some of his friends. Scott is an entrepreneur.

- a. True
- b. False

ANSWER: True

47. Factors of production are the resources a business needs to achieve its objectives.

- a. True
- b. False

ANSWER: True

48. Apple provides an excellent example of being on the leading edge.

- a. True
- b. False

ANSWER: True

49. Recent research suggests that investing in worker satisfaction yields tangible bottom-line results.

- a. True
- b. False

ANSWER: True

50. The 500 largest North American companies anticipate losing about half of their senior managers over the next five to six years.

- a. True

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b. False

ANSWER: True

51. There are three key dimensions to the business environment: financial, technical, and ethical.

a. True

b. False

ANSWER: False

52. The government in Canada has helped foster free enterprise and fair competition by reducing the risks of starting and running a business.

a. True

b. False

ANSWER: True

53. Investing in worker satisfaction will NOT affect profitability of a business.

a. True

b. False

ANSWER: False

54. Technology can be a major threat for companies that are slow to integrate new approaches.

a. True

b. False

ANSWER: True

55. Demographics are measurable characteristics of a population.

a. True

b. False

ANSWER: True

56. Speed-to-market is the rate at which consumers achieve value.

a. True

b. False

ANSWER: False

57. Value is defined as the relationship between the price of a good or service and the benefit that it offers a consumer.

a. True

b. False

ANSWER: True

58. Migration of jobs relates closely to the global movement of free trade.

a. True

b. False

ANSWER: True

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59. The free-trade movement has lowered prices and increased quality across virtually every product category.

- a. True
- b. False

ANSWER: True

60. China has been a magnet for manufacturing jobs because of its large population and low wages.

- a. True
- b. False

ANSWER: True

61. India has been especially adept at attracting high-tech jobs.

- a. True
- b. False

ANSWER: False

62. The cheapest product represents the best value.

- a. True
- b. False

ANSWER: False

63. Getting current customers to buy more of your product is a lot less expensive than convincing potential customers to try your product for the first time.

- a. True
- b. False

ANSWER: True

64. Technology and global free trade have made it difficult to distinguish between individual economies worldwide.

- a. True
- b. False

ANSWER: True

65. One of the ways provincial governments attempt to compete for business development is by providing investment and tax incentives for new businesses.

- a. True
- b. False

ANSWER: True

66. One reason that the Canadian economy remains relatively strong is that the government takes active steps to reduce the risks of starting and running a business.

- a. True
- b. False

ANSWER: True

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67. Leading-edge firms offer products well before the market becomes ready to embrace them.

- a. True
- b. False

ANSWER: False

68. Replacing baby boomers in the workforce will be easy, as there are many workers to choose from.

- a. True
- b. False

ANSWER: False

69. Following your passion in making a career choice is foolishness not supported by the broader business environment.

- a. True
- b. False

ANSWER: False

70. Following your passion in making career choices can lead to both financial and personal success.

- a. True
- b. False

ANSWER: True

71. What is the term for an organization that provides goods and services in an effort to earn a profit?

- a. not-for-profit
- b. government
- c. charity
- d. business

ANSWER: d

72. What occurs when expenses are higher than revenues for a business?

- a. risk
- b. profit
- c. surplus
- d. loss

ANSWER: d

73. What do we call the quality and quantity of goods and services available to a population?

- a. economic growth
- b. entrepreneurship
- c. quality of life
- d. standard of living

ANSWER: d

74. What does a business try to deliver to its customers while maintaining its core goal to generate long-term

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profits?

- a. data
- b. communication
- c. consistency
- d. value

ANSWER: d

75. Which statement best describes entrepreneurs?

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

ANSWER: c

76. Which of the following is the best characterization of entrepreneurs?

- a. the most productive workers employed by corporations
- b. risk takers and decision makers
- c. price manipulators
- d. disgruntled employees

ANSWER: b

77. In which era of business do managers focus on efficiency, and the customer is an afterthought?

- a. the entrepreneurship era
- b. the marketing era
- c. the production era
- d. the relationship era

ANSWER: c

78. Which of the following is a negative aspect of the entrepreneurship era?

- a. Inflation spiralled out of control, resulting in a decline in standards of living.
- b. Powerful businesses gained the ability to manipulate prices and exploit workers.
- c. Governments began running huge deficits.
- d. Productivity declined in many key industries as work shifted away from mass production to more labour-intensive methods.

ANSWER: b

79. Which of the following statements is most consistent with the marketing concept?

- a. Consumers care more about price than about quality. The goal of business is to market to as many customers as possible.
- b. Controlling the market for natural resources can give a firm a huge competitive advantage.
- c. All aspects of a business organization should focus on the needs of the customer.

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d. The primary purpose of a business is to dominate its market.

ANSWER: c

80. Which of the following was introduced in the marketing era?

- a. the marketing concept
- b. the marketing strategy
- c. the marketing approach
- d. the 4 P's of marketing

ANSWER: a

81. What was a major reason for the surge in production efficiency during the Industrial Revolution?

- a. There was a switch from an economy that produced mostly goods to an economy that produced mainly services.
- b. Workers in this era began to take more pride and increased ownership in their ability to produce quality goods and services.
- c. Technological advances gave rise to the mass production of goods in huge factories.
- d. Major new sources of natural resources such as coal, iron, and petroleum were discovered.

ANSWER: c

82. Which era was included in the evolution of business?

- a. accounting era
- b. stock market era
- c. marketing era
- d. human resources era

ANSWER: c

83. In the relationship era, firms began to recognize that cultivating current customers is more profitable than constantly doing which of the following?

- a. partnering with community investors
- b. seeking global competition
- c. creating new goods and services
- d. seeking new customers

ANSWER: d

84. During the marketing era what did businesses begin doing?

- a. partnering with community investors
- b. seeking global competition
- c. differentiating themselves from their competitors
- d. producing more products more efficiently

ANSWER: c

85. What did consumers find during the marketing era?

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- a. more advertisements for goods and services
- b. more choices for goods and services
- c. fewer choices for goods and services
- d. more products for kids

ANSWER: b

86. During the Industrial Revolution, which of the following boomed as mass production took hold?

- a. industrialization
- b. factory production
- c. the marketing concept
- d. entrepreneurship

ANSWER: b

87. The production era is recognized for which of the following?

- a. increasingly specialized jobs, resulting in higher productivity and lower costs and prices
- b. the rise of monopoly power, giving big business the ability to raise prices almost at will
- c. creating satisfied customers who acted as advocates for business
- d. power shifting away from business toward consumers

ANSWER: a

88. Bhinder's Bowling Alley has recently decided to develop a franchise venture overseas. What concept would Bhinder's use in creating a distinctive business for the global market?

- a. entrepreneurial concept
- b. relationship concept
- c. production concept
- d. marketing concept

ANSWER: d

89. Businesses in the relationship era focus their efforts on building long-term customer relationships. What key tool is utilized for business development during this era?

- a. entrepreneurship
- b. production
- c. technology
- d. services

ANSWER: c

90. What did businesses concentrate on during the marketing era?

- a. advertising on television
- b. building long-term customer relationships
- c. recovering and rebuilding in the aftermath of World War II
- d. developing brands to differentiate their products from those of competitors

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ANSWER: d

91. A small consulting company in Waikiki, Hawaii, struggles financially because of limited access to economic resources. This company has to get creative to build long-term bonds with its current customers and use technology to reach new customers. The company is using concepts from what era?

- a. relationship era
- b. marketing era
- c. production era
- d. entrepreneur era

ANSWER: a

92. Which of the following is a key feature of an organization that adopts the marketing concept?

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

ANSWER: c

93. During the production era, companies continued to implement new technologies to streamline production processes. Although there were many changes, what did the primary focus result in?

- a. marketing, consumer orientation, and specializations
- b. competition, marketing, and refinement
- c. specializations, efficiencies, and refinement
- d. refinement, efficiencies, and entrepreneurship

ANSWER: c

94. As products flooded the market after World War II, how did firms respond?

- a. by focusing on a low-cost strategy
- b. by cultivating their customers
- c. by branding their products to create distinctive identities
- d. by adopting a bleeding-edge approach to the introduction of products in an attempt to be first to market

ANSWER: c

95. Which of the following is a type of not-for-profit organization?

- a. book store
- b. museum
- c. movie theatre
- d. hockey rink

ANSWER: b

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96. In which area of society do not-for-profit organizations play a critical role?

- a. the media
- b. the community
- c. the stock market
- d. the government

ANSWER: b

97. What are not-for-profit organizations commonly known for supporting?

- a. politicians
- b. community service
- c. companies
- d. sports teams

ANSWER: b

98. What are the four major categories of factors of production?

- a. economic power, money, technology, and agriculture
- b. technology, law, capital, and ingenuity
- c. knowledge, human resources, capital, and technology
- d. natural resources, capital, human resources, and entrepreneurship

ANSWER: d

99. Which of the following best describes what is included in human resources?

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

ANSWER: a

100. "Natural resources" includes which of the following?

- a. activities such as printing money, building offices, and creating wealth
- b. all people working in the business to create value
- c. only the mineral deposits used by a business to make products
- d. all inputs offering value in their natural state, such as land, fresh water, wind, and mineral deposits

ANSWER: d

101. Capital is considered one of the factors of production. What does capital include?

- a. machines, money, tools, and buildings
- b. money, land, labour, and entrepreneurship
- c. machines, tools, buildings, information, and technology
- d. an entrepreneur's freedoms

ANSWER: c

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102. Entrepreneurs need economic freedom to thrive. What does this freedom include?

- a. freedom to make money, freedom from taxation, and freedom from regulation
- b. freedom to make money, freedom to hire people, and freedom from taxation
- c. freedom of choice, freedom from excess regulation, and freedom from too much taxation
- d. freedom to hire people, freedom to compete, and freedom from all regulation

ANSWER: c

103. John Blue has started his own Internet business, Blueways.com, offering online ordering of refurbished computer parts. His business has experienced a slower-than-usual start, due to higher-than-expected costs for capital resources. Which expenses are most likely involved?

- a. buildings, money, and skilled labour
- b. raw materials, money, and employee training
- c. computers, cables, Internet router, copiers, and software
- d. advertising and financial costs

ANSWER: c

104. Which of the following is the best example of capital as a factor of production?

- a. a tractor
- b. sunlight
- c. corporate bonds
- d. cash

ANSWER: a

105. Sabiha will be opening a catering business in Canada soon, but she still needs to hire a few more employees to fill the schedule. Which of the following economic freedoms does she enjoy?

- a. She can hire whom she chooses.
- b. She will hire only those employing natural resources.
- c. She can only hire whom the federal government says she can hire.
- d. She will be given her labour force once she pays her business taxes.

ANSWER: a

106. Which of the following is the best example of a natural resource?

- a. entrepreneurship
- b. the effort supplied by an assembly line worker
- c. silver
- d. corn grown on a farm

ANSWER: c

107. Which factor of production contributes most to creating wealth?

- a. natural resources
- b. entrepreneurship
- c. human resources

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d. capital

ANSWER: b

108. Children's Campground is a summer program for school-age children. It advertises that there is one counsellor for every four children and that several other highly trained professionals are on staff. Its advertisements indicate that Children's Campground relies heavily on what factor of production?

- a. entrepreneurship
- b. human resources
- c. natural resources
- d. capital

ANSWER: b

109. Your university has contracted with a construction company to build a new bookstore; in doing so, the contractor will use heavy machinery and equipment. How are these items classified?

- a. human resources
- b. current resources
- c. natural resources
- d. capital

ANSWER: d

110. Samuel lives in a community where many residents are retirees. He wants to open an exercise facility specifically for active senior citizens aged 65 and older. Samuel knows that starting a new business will require a lot of work and entails risk, but given the large number of senior citizens in the area, he believes he should be able to sell enough memberships to realize a profit. What is Samuel an example of?

- a. demographer
- b. capital provider
- c. entrepreneur
- d. corporate manager

ANSWER: c

111. What would timber, water, coal deposits, and solar energy be classified as?

- a. non-economic factors
- b. natural resources
- c. pure capital
- d. base inputs

ANSWER: b

112. What would we call the bilingual workers a business hires to staff its sales and technical help positions?

- a. natural resources
- b. technological resources
- c. entrepreneurial resources
- d. human resources

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ANSWER: d

113. What is the likely result of too much taxation, an overuse of regulation, and limited choices in the broader business environment?

- a. an increase in global trade
- b. an increase in entrepreneurship
- c. a decrease in entrepreneurial activities
- d. a social crisis

ANSWER: c

114. Tariq has just received a grant from the government to open a printing shop in his community. He will be leasing computers, copiers, scanners, and printers. What do these items represent his need for?

- a. capital
- b. human resources
- c. natural resources
- d. value

ANSWER: a

115. Janet owns a modern 250-hectare farm that grows corn and soybeans. Which factors of production will Janet need to employ to produce her crops?

- a. natural resources, human resources, and entrepreneurship
- b. fertilizer, human resources, and capital
- c. water, entrepreneurship, and seeds
- d. labour, money, and bank loans

ANSWER: a

116. How do enforceable contracts help to keep the Canadian economy relatively strong?

- a. They reduce the risk of running a business.
- b. They are enforceable in most business in most countries.
- c. The government receives taxes for every contract that is written.
- d. They are ethical and most companies will abide by them.

ANSWER: a

117. Which of the following is the best measure of product's value to the customer?

- a. the number of product benefits
- b. whether or not the customer returns to purchase another product
- c. the size of the gap between the price paid and competitors prices
- d. the size of the gap between product benefits and price

ANSWER: d

118. Which of the following is a benefit a company would receive by investing in employee satisfaction?

- a. increased positive memories when employees retire

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- b. fewer employees needed to do the same amount of work
- c. increased tangible bottom-line results
- d. decreased bottom-line results due to investment expense

ANSWER: c

119. For fast-moving companies, what can the technological environment represent?

- a. major threats
- b. a rich source of competitive advantage
- c. lower efficiency and effectiveness
- d. employee resistance to change

ANSWER: b

120. If you've browsed seller reviews on eBay or received shopping recommendations from Amazon, which of the following have you experienced?

- a. the ecommerce consumer sales process
- b. how suppliers communicate with each other
- c. how personal Web marketing can feel
- d. the e-commerce business-to-business sales process

ANSWER: c

121. Canada's 15 largest cities are home to 90% of Canadians who were born abroad. What does this tell us?

- a. Ethnic groups tend to scatter across the country.
- b. Ethnic groups tend to cluster together.
- c. Ethnic groups comprise 90% of the people living in our largest cities.
- d. Ethnic groups do not like to live in rural areas.

ANSWER: b

122. In Canada, which is the most tolerant age group with regards to racial differences, immigration, and homosexuality?

- a. young adults
- b. retired adults
- c. older working adults
- d. teens

ANSWER: a

123. What Sin of Greenwashing might a company be committing if it advertises a product as "All Natural" but the product contains all natural substances that can be toxic to humans?

- a. Lesser of two evils
- b. Hidden trade-off
- c. No proof
- d. Vagueness

ANSWER: d

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124. What does the term “Greenwashing” mean?

- a. laundering money
- b. giving donations to environmental organizations
- c. claiming donations to environmental organizations as tax deductions
- d. making false green claims

ANSWER: d

125. Which of the following is considered to be one of the Six Sins of Greenwashing?

- a. Honesty insurance
- b. Loss of revenue
- c. Lesser of two evils
- d. Firing employees

ANSWER: c

126. What are the five key dimensions of the broader business environment?

- a. customers, vendors, suppliers, wholesalers, and retailers
- b. technological, economic, demographic, global, and social dimensions
- c. global, social, and technological dimensions, and market forces and value
- d. economic, competitive, technological, social, and global dimensions

ANSWER: d

127. What are business transactions that take place online examples of?

- a. e-commerce
- b. I-commerce
- c. nano-commerce
- d. meta-economics

ANSWER: a

128. The Tide-to-Go bleach stick and the Swiffer are examples of what type of breakthrough products?

- a. market-focused products
- b. consumer-focused products
- c. business-focused products
- d. government-focused products

ANSWER: b

129. As aging baby boomers retire, what impact will this have on organizations?

- a. Organizations will compete for top talent, driving up the costs of recruitment and payroll.
- b. Organizations will rely mainly on unskilled labour in the future, spurring companies to go offshore for cheap labour.
- c. Organizations will face very few problems finding labour, because the next generation of workers is larger than the generation that is retiring.

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- d. Organizations will take advantage of the retirements by replacing them with workers earning lower wages and salaries, thus reducing labour costs.

ANSWER: a

130. How can firms best enhance customer satisfaction?

- a. eliminate the profit motive
- b. use effective advertising and promotion
- c. offer lower-priced products
- d. offer greater value

ANSWER: d

131. Which of the following strategies is most clearly related to how leading-edge companies respond to the challenges of their competitive environment?

- a. developing long-term mutually beneficial relationships with customers
- b. focusing primarily on the use of natural resources in the production process
- c. lobbying for higher tariffs on foreign goods
- d. keeping prices as low as possible

ANSWER: a

132. In the Canadian economy, personal income has grown. What has happened to personal debt?

- a. It has grown more rapidly than personal income.
- b. It has declined at the same rate as the growth in personal income.
- c. It has increased personal disposable income.
- d. It has grown at a much slower rate than personal income.

ANSWER: a

133. Which term is used to describe where people live and their traits such as race, gender, age, income, and education?

- a. demography
- b. psychology
- c. sociology
- d. ethnography

ANSWER: a

134. How do consumers and workers react to socially responsible behaviour by business?

- a. A large majority of both consumers and workers tend to place pressure on companies to be socially responsible.
- b. Workers tend to insist that companies act socially responsibly, but consumers tend to ignore the benefits of such behaviour.
- c. Most workers and consumers base decisions on monetary considerations and largely ignore issues dealing with socially responsible behaviour.
- d. The purchasing decisions of most consumers are influenced by socially responsible behaviour, but

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most workers have no interest in whether their employer is socially responsible.

ANSWER: a

135. Lisa is a marketing consultant who is trying to help a regional company design an advertising campaign that will appeal to the local population. Her report should take into account things such as the age, income, and ethnic composition of the area's population. What term best describes this?

- a. sociological warfare
- b. demographics
- c. natural resource management
- d. psychographics

ANSWER: b

136. Which of the following business environments do entrepreneurs participate in?

- a. capital, economic, and competitive environments
- b. competitive, economic, and social environments
- c. economic, competitive, technological, social, and global environments
- d. human resources, competitive, and social environments

ANSWER: c

137. Tiny Timbers Tree Farm sells a variety of trees for different customers. Recently, the company received notice from the Ministry of Natural Resources that a shortage of fir trees is affecting a rare moth population. The government has ruled that tree farms must refrain from cultivating fir trees for business use until further notice. Which element of Tiny Timbers' environment is most directly affected by this ruling?

- a. the economic environment
- b. the global environment
- c. the social environment
- d. the technological environment

ANSWER: a

138. Super King Groceries is in competition with some of the larger chain stores in the area and offers services not provided by its competitors (e.g., car service, curb service, delivery service). Because Super King is not as large as some retailers, prices are moderately higher. Why does this not seem to hurt the store's business?

- a. because Super King's products are marketed better
- b. because Super King's customers receive value not provided by the other stores
- c. because Super King has richer customers
- d. because customers just don't like the competitors' products or the poor service from their employees

ANSWER: b

139. Assume Jamal and Cora are competing for a job position as an elementary school teacher. Jamal tells the potential employer about his skills on the computer in making report cards. Cora tells the potential employer about her skills in creating an innovative classroom learning environment. In today's work environment, which skills have more value to employers?

- a. creativity, communication, and caring

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- b. timeliness, communication, and computing
- c. organization, planning, and caring
- d. creativity, organization, and computing

ANSWER: c

140. In choosing your career, what will following your passion help you do?

- a. guarantee a fat paycheck
- b. guarantee a successful business startup
- c. boost your chances of both financial and personal success
- d. build routine skills

ANSWER: c

141. Explain how the impact of one successful entrepreneur can extend to the far reaches of the economy. Provide three specific examples.

ANSWER: As entrepreneurs create wealth for themselves, they produce a ripple effect that enriches everyone around them. For instance, if an entrepreneur's website becomes the next Facebook, who will benefit? The entrepreneur for sure, and he or she will probably spend some of that earned money enriching local clubs, clothing stores, and car dealerships. Others will benefit too, including the entrepreneur's investors, advertisers on his or her website, customers or members of the website, employees, contractors who build the entrepreneur's facilities, and government that collects taxes from the business.

142. Describe the similarities and differences between "quality of life" and "standard of living."

ANSWER: Standard of living is the quality and quantity of goods and services available to a population, typically measured by gross national income per capita. Quality of life is the overall sense of well-being experienced by either an individual or a group. Since the goods and services a nation's citizens consume affect their well-being, the standard of living clearly affects the quality of life. But the quality of life also includes factors not directly measured by gross national income, such as political freedoms, the distribution (rather than simply the average amount) of income, environmental quality, and leisure time.

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

ANSWER: A business is an organization that provides goods and/or services in an effort to earn a profit. In order to survive and maintain a profit, a business must efficiently produce goods and services that satisfy the needs of customers. Thus, the firm must be aware of changes in consumer attitudes and preferences that represent new opportunities. It must also be aware of new and innovative ways to lower costs and/or improve quality.

144. How do successful entrepreneurs drive up the standard of living for people worldwide, and contribute to a higher quality of life?

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

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that feeds their success.

145. Compare and contrast the relationship era and the marketing era.

**ANSWER:** Relationship era: Building on the marketing concept, leading-edge firms of today look beyond each immediate transaction with a customer and aim to build long-term relationships. Satisfied customers can become advocates for a business, spreading the word with more speed and credibility than even the best promotional campaign. And cultivating current customers is more profitable than constantly seeking new ones. The key tool is technology. Using the Web and other digital resources, businesses gather detailed information about their customers and use this data to serve them better.

Marketing era: After World War II, the balance of power shifted away from producers and toward consumers, flooding the market with enticing choices. To differentiate themselves from their competitors, business began to develop brands, or distinctive identities, to help consumers understand the differences among various products. The marketing concept emerged: a consumer focus that permeates successful companies in every department, at every level. This approach continues to influence business decisions today as global competition heats up to unprecedented levels.

**Note:** The student should be able to show the sequence of the eras, as well as provide examples to support the comparisons and contrasts.

146. Compare and contrast the relationship era and the entrepreneurship era.

**ANSWER:** Relationship era: Building on the marketing concept, leading-edge firms of today look beyond each immediate transaction with a customer and aim to build long-term relationships. Satisfied customers can become advocates for a business, spreading the word with more speed and credibility than even the best promotional campaign. And cultivating current customers is more profitable than constantly seeking new ones. The key tool is technology. Using the Web and other digital resources, businesses gather detailed information about their customers and use this data to serve them better.

Entrepreneurship era: Building on the foundation of the industrial revolution, large-scale entrepreneurs emerged in the second half of the 1800s, building business empires. These industrial titans created enormous wealth, raising the overall standard of living across the country. But many also dominated their markets, forcing out competitors, manipulating prices, exploiting workers, and decimating the environment. Toward the end of the 1800s, governments stepped into the business realm, passing laws to regulate business and protect consumers and workers, creating more balance in the economy.

**Note:** The student should be able to show the sequence of the eras, as well as provide examples to support the comparisons and contrasts.

147. Discuss how not-for-profit organizations become economic magnets for many communities, drawing additional investment. Provide two specific examples.

**ANSWER:** Non-profit organizations such as museums, schools, theatres, and orchestras have become economic magnets for many communities, drawing additional investment.

148. Explain the differences between a for-profit organization and a not-for-profit organization.

**ANSWER:** All businesses are regulated by the government and must comply with established standards. Like

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their profit-driven counterparts, not-for-profit organizations also offer products and services, collect revenues, and employ workers. For-profit organizations are profit driven and have the opportunity to offer their consumer products and services for a fee. Not-for-profit organizations' primary goal is to improve the quality of life for society. They also partner with their communities by providing services to those who are not financially capable to purchase their products or services.

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

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

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

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

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

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

**ANSWER:** Entrepreneurs are people who are willing to take the risk of owning and operating a business and are largely motivated by the profit incentive. Entrepreneurs work to build economic value by creating opportunities and harnessing the other factors of production.

Entrepreneurs may require natural resources such as land in order to locate the business in the community.

In the use of capital, the entrepreneur might use computers and other technologies to manage the internal operation, and/or grow his or her business online. Other tools and equipment might be used with land to build office space needed to run the business. Students should NOT mention the use of money, as money is used to acquire capital resources.

Human resources encompass the physical, intellectual, and creative contributions of everyone working within an economy. In hiring employees, entrepreneurs employ people to meet customer demands. Employees would be hired at all levels of the organization, and those creative talents and intellectual levels would help the business grow.

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

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**ANSWER:** Economic environment: The Canadian economy is strong, largely because the Canadian government supports free enterprise and fair competition with some regulation.

Competitive environment: As global competition intensifies, leading-edge companies have focused on long-term customer satisfaction as never before.

Technological environment: The recent technology boom has transformed business, establishing new industries and burying others.

Social environment: The Canadian population continues to diversify. Consumers are gaining power, and society has higher standards for business behaviour.

Global environment: The Canadian economy works within the context of the global environment. A key factor: rapid economic growth in China and India.

152. List the five key dimensions of the broader business environment and describe the impact each has on the ability of individuals to find employment or start a business.

**ANSWER:** Student answers will vary greatly. Five key dimensions:

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

Competitive environment creates the long-term relationship with customers, suppliers, and vendors. This allows students to see multiple opportunities due to consumer choice options. The more customers want and businesses provide, the more businesses offer jobs to those willing to work. The more competitors within an industry the more competition there is to find skilled workers; therefore companies will pay more to find skilled workers.

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

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

Global environment offers students the international job market in which to compete, understanding though that values and attitudes are different among countries. The trade agreements first negotiated under the various rounds of the General Agreement on Tariffs and Trade (GATT) and now continued through the World Trade Organization (WTO) reduce some of the barriers of entry for small businesses as well as industry and the prospective labour pool.

153. Challenges in managing human resources have evolved due to changing demographics affecting the workforce. Describe how demographic changes such as diversity, the aging population, worker expectations,

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ethics, and social responsibility affect the management of human resources.

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

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

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

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

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

154. In today’s business environment employers put less value on routine abilities. List three employee abilities employers place high value upon. Provide a brief explanation of each.

**ANSWER:** Student answers will vary greatly. Answers, however, should include abilities that cannot be digitized: ability to communicate, creativity, caring, good listening skills, being a team player, and empathy.