

## Chapter 1—The Changing Face of Business

### MATCHING

*Complete the following using these terms.*

a.	outsourcing
b.	Diversity
c.	entrepreneur
d.	Competitive differentiation
e.	strategic alliance
f.	Capital
g.	vision
h.	factors of production
i.	brand
j.	Relationship management
k.	Not-for-profit organizations
l.	Business ethics

- \_\_\_\_\_ 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.
- \_\_\_\_\_ refers to technology, tools, information, and physical facilities.
- \_\_\_\_\_ is the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of consumers.
- A partnership formed to create a competitive advantage for the businesses involved is known as a(n) \_\_\_\_\_.
- A(n) \_\_\_\_\_ is a name, term, sign, symbol, design, or combination that identifies the products of one firm.
- The ability to perceive future marketplace needs and what an organization can do to satisfy them is referred to as \_\_\_\_\_.
- A person who sees a profitable opportunity and then devises a plan to achieve that profit is called a(n) \_\_\_\_\_.
- \_\_\_\_\_ is the collection of activities that build and maintain ongoing, mutually beneficial ties between a business and its customers and other parties.
- To operate effectively, certain inputs called \_\_\_\_\_ are required for all economic systems.
- \_\_\_\_\_ are businesslike establishments that have primary objectives other than returning profits to their owners.

11. \_\_\_\_\_ refers to the standards of conduct and moral values involving decisions made in the work environment.
12. A company that contracts with another business to perform functions previously handled by internal staff is participating in \_\_\_\_\_.

1. ANS: b                      DIF: MEDIUM      LO: 1.5                      Section: Explain current  
workforce trends in business. AACSB: Analytical thinking      BT: K
2. ANS: f                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production. AACSB: Analytical thinking      BT: K
3. ANS: d                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system AACSB: Analytical thinking      BT: K
4. ANS: e                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business. AACSB: Analytical  
thinking                      BT: K
5. ANS: i                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business. AACSB: Analytical  
thinking                      BT: K
6. ANS: g                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager. AACSB: Analyt-  
ical thinking                      BT: K
7. ANS: c                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production. AACSB: Analytical  
thinking                      BT: K
8. ANS: j                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business. AACSB: Analytical  
thinking                      BT: K
9. ANS: h                      DIF: MEDIUM      LO: 1.2                      Section: Identify and describe  
the factors of production. AACSB: Analytical thinking      BT: K
10. ANS: k                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business. AACSB: Analytical thinking      BT: K
11. ANS: l                      DIF: MEDIUM      LO: 1.7                      Section: Outline the  
characteristics that make a company admired. AACSB: Ethical  
understanding and reasoning BT: K

12. ANS: a                      DIF: MEDIUM      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking      BT: K

## ESSAY

13. What is profit? Do you agree with the statement, “The success of a business is measured only by the profit it earns”? Explain your answer.

ANS:

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.

DIF: HARD                      LO: 1.1                      Section: Define business.  
AACSB: Analytical thinking      BT: C

14. Describe technology as a capital source.

ANS:

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.

DIF: MEDIUM      LO: 1.2                      Section: Identify and describe the  
factors of production.                      AACSB: Analytical thinking      BT: C

15. Explain why competition is important according to Adam Smith?

ANS:

Adam Smith, the author of the book *The Wealth of Nations*, identified that competition among firms would lead to consumers’ receiving the best possible products and prices because less efficient producers would gradually be driven from the marketplace.

DIF: HARD                      LO: 1.3                      Section: Describe the private enterprise  
system.                      AACSB: Analytical thinking      BT: C

16. List and describe the four basic rights in the private enterprise system.

ANS:

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.

DIF: HARD      LO: 1.3      Section: Describe the private enterprise system.  
AACSB: Analytical thinking      BT: C

17. What did Nordstrom do differently to achieve a considerable increase in its annual sales?

ANS:

Initially, with a dozen IT professionals, Nordstrom set up a tech lab aimed at coming up with innovative ideas to deal with the changing ways that customers shop. To continue its fanatic approach to creating a great service experience for customers, the IT professionals developed new products, new business models, and new ways of dealing with its many retail competitors. For example, using TextStyle, a messaging app developed by the company, a Nordstrom salesperson can use technology to further cultivate a relationship by texting, chatting, and sharing product images with customers, who must opt in to the service. As part of its strategy to create new and innovative service experiences for customers, the company recently moved some of its IT technologists directly into its business groups. The integration has been effective because there is a broader range of new ideas coming from both the business and technology teams. The result: more immediate customer input to quickly spot gaps in service by involving sales associates in idea generation.

DIF: MEDIUM      LO: 1.3      Section: Describe the private enterprise system.  
AACSB: Analytical thinking      BT: C

18. List the seven eras of business history. Name and describe the era used by businesses today.

ANS:

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.

DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the history of business.  
AACSB: Analytical thinking      BT: C

19. Explain the business approach used in the relationship era.

ANS:

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.

DIF: HARD      LO: 1.4      Section: Identify the seven eras in the  
history of business. AACSB: Analytical thinking BT: C

20. Explain the difference between transaction management and relationship management.

ANS:

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.

DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the  
history of business. AACSB: Analytical thinking BT: C

21. Briefly describe the Industrial Revolution and its contribution to the evolution of business.

ANS:

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.

DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the  
history of business. AACSB: Analytical thinking BT: C

22. Explain strategic alliance with an example.

ANS:

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. Havaianas is a Brazilian-owned manufacturing company known for its bright and colorful flip-flops. The company recently announced a strategic alliance with The Walt Disney Company, which will provide Disney fans the opportunity to purchase flip-flops imprinted with Disney characters and themes. They will be available at

Disney resorts, theme parks, and vacation clubs. In addition, Havaianas will be the official sponsor of the *runDisney* marathon events.

DIF: MEDIUM LO: 1.4 Section: Identify the seven eras in the history of business. AACSB: Information technology BT: C

23. Describe how the aging populations in the United States and abroad directly affect changes in the workforce.

ANS:

Employers must deal with issues such as retirement, disability programs, retraining, and insurance benefits. Additionally, teenagers are entering the workforce sooner, and some seniors are staying longer or seeking new careers after retiring from their primary careers.

DIF: MEDIUM LO: 1.5 Section: Explain current workforce trends in business. AACSB: Analytical thinking BT: C

24. What are the advantages of a diverse workforce?

ANS:

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. Also, a diverse workforce may improve management's understanding of customer needs and relationships with consumer groups.

DIF: MEDIUM LO: 1.5 Section: Explain current workforce trends in business. AACSB: Diverse and multicultural work environments BT: C

25. Describe offshoring and its related trends.

ANS:

Offshoring is the relocation of business processes to lower-cost locations overseas. This can include both production and services. In recent years, China has emerged as a dominant location for production offshoring for many firms, while India has become the key player in offshoring services. Some U.S. companies are now structured so that entire divisions or functions are developed and staffed overseas—the jobs were never in the United States to start with.

DIF: MEDIUM LO: 1.5 Section: Explain current workforce trends in business. AACSB: Analytical thinking BT: C

26. What is outsourcing? Explain the utility of outsourcing in the United States.

ANS:

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.

DIF: MEDIUM LO: 1.5 Section: Explain current workforce trends in business. AACSB: Analytical thinking BT: C

27. Define the term vision. Explain with an example why it is an important managerial quality.

ANS:

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.

DIF: EASY LO: 1.6 Section: Identify the skills and attributes needed for today's manager. AACSB: Analytical thinking BT: K

28. Describe critical thinking and creativity and explain why they are important qualities for today's manager.

ANS:

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 it 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.

DIF: MEDIUM LO: 1.6 Section: Identify the skills and attributes needed for today's manager. AACSB: Analytical thinking BT: C

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

ANS:

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.

DIF: MEDIUM LO: 1.6 Section: Identify the skills and  
attributes needed for today's manager. AACSB: Analytical thinking BT:  
C

30. Explain how business ethics differs from social responsibility.

ANS:

Business ethics refers to the standards of conduct and moral values involving right and wrong actions in the work environment. Social responsibility is the set of actions taken by an organization that leads to social and economic benefits to society as a whole, such as supporting charitable organizations and protecting the environment.

DIF: MEDIUM LO: 1.7 Section: Outline the characteristics that  
make a company admired. AACSB: Ethical understanding and  
reasoning BT: C

## MULTIPLE CHOICE

31. Which of the following statements is true of successful companies?

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.

ANS: a DIF: EASY LO: 1.1 Section: Define  
*business.* AACSB: Analytical thinking BT: K

32. 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.

ANS: b DIF: EASY LO: 1.1 Section: Define  
*business.* AACSB: Analytical thinking BT: K

33. Which of the following statements is NOT true regarding businesses?

a.	Successful businesses seek to meet their social and ethical responsibilities.
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.
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ANS: d                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: C

34. In accounting terms, 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

ANS: a                      DIF: EASY                      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

35. In the U.S. economy, \_\_\_\_\_ are considered the reward for the risk of entering a business.

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

ANS: c                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Ethical understanding and reasoning      BT:K

36. \_\_\_\_\_ 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

ANS: b                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

37. All of the following are typically part of the not-for-profit sector **EXCEPT** \_\_\_\_\_.

a.	labor unions
b.	religious organizations
c.	hotels
d.	museums

ANS: c                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

38. Which of the following is a public sector, not-for-profit organization?

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

ANS: d                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

39. The Gyvenopolis 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

ANS: a                      DIF: MEDIUM      LO: 1.1                      Section: Define business.  
AACSB: Application of knowledge      BT: AP

40. The factors of production in an economic system are \_\_\_\_\_.

a.	land, rent, capital, and human resources
b.	capital, perseverance, natural resources, and human resources
c.	rent, wages, interest, and profit
d.	natural resources, human resources, capital, and entrepreneurship

ANS: d                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
C

41. Plum Creek Timber, a northwest lumber company, utilizes \_\_\_\_\_ as its primary production factor.

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

ANS: d                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production                      AACSB: Analytical thinking      BT:  
K

42. Technology, tools, information, and physical facilities for the operation of a business are examples of \_\_\_\_\_.

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

ANS: c                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Information technology  
BT: K

43. A company that values employees as sources of ideas and innovation is utilizing its \_\_\_\_\_.

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

ANS: d                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Information technology  
BT: C

44. The human resources of a firm refers to \_\_\_\_\_.

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

ANS: b                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Information technology  
BT: K

45. Dizzel Inc. is a small-scale mining company that started its business in 2001. By the year 2008, the firm had to close its operations. The company had been continuously laying off its employees since 2006, which led to the further downsizing of the firm. The decline in the availability of minerals in its operating region since 2004 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

ANS: a                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Application of knowledge  
BT: AP

46. Tarek, a former middle manager from Alexander Manufacturing, owns and operates a Subway franchise. Tarek is demonstrating \_\_\_\_\_.

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

ANS: c                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT: C

47. Businesses that operate in an environment where success or failure is determined by how well they match and counter the offerings of competitors are operating under \_\_\_\_\_.

a.	the private enterprise system
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b.	a social democracy
c.	a monopoly
d.	state ownership

ANS: a                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
C

48. Capitalism is founded on \_\_\_\_\_.

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

ANS: c                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
C

49. In his book The Wealth of Nations, the economist Adam Smith was the first person to describe \_\_\_\_\_.

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

ANS: c                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
K

50. According to Adam Smith, competition 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

ANS: b                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
C

51. By offering a lifetime warranty on its products, Warner Electronics 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

ANS: b                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB:                      Analytical thinking                      BT:  
C

52. When Greenlawn Inc. finds itself losing contracts because Instillite Inc. charges less money, Greenlawn 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

ANS: a                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB:                      Analytical thinking                      BT:  
C

53. Namesh recently sold his Ford Taurus to a personal friend. Namesh's sale of his automobile illustrates the right to \_\_\_\_\_.

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

ANS: b                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB:                      Analytical thinking                      BT:  
K

54. 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

ANS: b                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB:                      Analytical thinking                      BT:  
K

55. The right to profit means that the \_\_\_\_\_.

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

ANS: a                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB:                      Analytical thinking                      BT:  
C

56. 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

ANS: a                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
K

57. 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

ANS: d                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
C

58. 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

ANS: b                      DIF: MEDIUM                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
K

59. Which of the following is a benefit of entrepreneurship?

a.	Low risk
b.	Flexibility
c.	Guaranteed profit
d.	Reduced competition

ANS: b                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking                      BT:  
K

60. Ingle 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 Ingle exercised?

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

ANS: d      DIF: MEDIUM      LO: 1.3      Section: Describe the private enterprise system.  
AACSB: Application of knowledge      BT: AP

61. In colonial society, the economic focus was centered on \_\_\_\_\_.

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

ANS: c      DIF: EASY      LO: 1.4      Section: Identify the seven eras in the history of business.  
AACSB: Analytical thinking      BT: K

62. 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

ANS: c      DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the history of business.  
AACSB: Analytical thinking      BT: C

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

a.	social
b.	production
c.	relationship
d.	marketing

ANS: d      DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the history of business.  
AACSB: Analytical thinking      BT: C

64. 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

ANS: a      DIF: MEDIUM      LO: 1.4      Section: Identify the seven eras in the history of business.  
AACSB: Analytical thinking      BT: C

65. 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

ANS: d                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

66. 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 \_\_\_\_\_.

a.	relationship era
b.	marketing era
c.	era of industrial revolution
d.	production era

ANS: d                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

67. 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.

ANS: a                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      3      AACSB: Reflective thinking      BT:  
C

68. 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

ANS: a                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

69. The concept of branding first emerged during the \_\_\_\_\_.

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



ANS: d                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

70. Blogs and social networking use \_\_\_\_\_ to manage relationships.

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

ANS: c                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Information technology  
BT: K

71. Colonial society emphasized:

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

ANS: d                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Information technology  
BT: K

72. Concentrating on building and promoting products in hopes that enough customers will buy them in order to cover costs and earn acceptable profits is called \_\_\_\_\_.

a.	relationship management
b.	marketing management
c.	decoy effect
d.	transaction management

ANS: d                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

73. The collection of activities that build and maintain ongoing, mutually beneficial ties with customers and other parties is known as \_\_\_\_\_.

a.	relationship management
b.	transaction management
c.	financial management
d.	marketing management

ANS: a                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

74. A partnership is \_\_\_\_\_.

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

ANS: b                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking                      BT: K

75. Apple iPods 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

ANS: c                      DIF: MEDIUM                      LO: 1.4                      Section: Identify the  
seven eras in the history of business                      AACSB: Analytical thinking                      BT: C

76. Evlis 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

ANS: b                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Application of knowledge  
BT: AP

77. Which of the following is necessary in the current business workforce trend?

a.	Awareness that businesses are moving toward traditional management practices
b.	Increased reliance on employees' intellectual capabilities
c.	Increased reliance on natural resources and physical inputs
d.	Transition from focus on production to creating a brand

ANS: b                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business. AACSB: Analytical thinking                      BT: C

78. 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

ANS: b                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
K

79. 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

ANS: b                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Diverse and multicultural work  
environments                      BT: C

80. 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.

ANS: d                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
K

81. 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

ANS: a                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
C

82. When Google opened offices in Tokyo, London, and Sydney, it was utilizing \_\_\_\_\_ by relocating business activities to lower-cost locations overseas.

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

ANS: c                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
C

83. Which of the following generations is usually associated with the work-comes-first lifestyle?

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

ANS: d                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB:                      Analytical thinking                      BT:  
C

84. To retain valued employees, managers of global workforces need to \_\_\_\_\_.

a.	build and earn trust
b.	share financial information with employees
c.	lay off tenured employees
d.	follow traditional management practices

ANS: a                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB:                      Analytical thinking                      BT:  
K

85. When a U.S. company contracts work to a company in Mexico, it is \_\_\_\_\_.

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

ANS: a                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB:                      Written and oral communica-  
tion                      BT: C

86. Winzer Corp. a multinational corporation located in Los Angeles is planning to relocate its operations in Southern Asia. The firm has identified that the labor cost and technology available in the region would ensure optimum performance of its business operations. Which of the following strategies has Winzer Corp. adopted?

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

ANS: b                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business. AACSB:                      Application of knowledge                      BT: AP

87. 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.

ANS: a                      DIF: EASY                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: C

88. \_\_\_\_\_ 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

ANS: c                      DIF: EASY                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K

89. Emily works for a pharmaceutical company and gives a presentation on the need to expand the company's geriatric division within the next 10 years. Emily is focusing primarily on establishing the company's \_\_\_\_\_.

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

ANS: c                      DIF: MEDIUM                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Reflective  
thinking                      BT: C

90. 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

ANS: c                      DIF: EASY                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K

91. Gristal Inc., 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 Gristal Inc. demonstrated?

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

ANS: a                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: AP

92. When 3M managers decided to manufacture Post-it<sup>®</sup> notes, a new product was born. This was an example of \_\_\_\_\_ in action.

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

ANS: d                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: C

93. Alejandro is seeking to revitalize his graphic design company with new innovations and has called for a brainstorming meeting with his top designers. Alejandro is \_\_\_\_\_.

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

ANS: d                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Application of  
knowledge                      BT: AP

94. 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

ANS: b                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K

95. 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

ANS: c                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: C

96. \_\_\_\_\_ refers to standards of conduct and moral values of a firm.

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

ANS: b                      DIF: EASY                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: K

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

ANS: b                      DIF: MEDIUM                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: C

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

ANS: b                      DIF: EASY                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: K

99. When a company’s management decisions align with social and economic issues, 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

ANS: d                      DIF: EASY                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: K

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
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ANS: c                      DIF: MEDIUM      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.      AACSB: Ethical  
understanding and reasoning                      BT: C

## TRUE/FALSE

101. Companies are not required to be ethical to succeed in the long run.

ANS: F                      DIF: EASY                      LO: 1.1                      Section: Define  
business.                      AACSB: Ethical understanding and reasoning      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Ethical understanding and reasoning      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

104. Not-for-profit organizations are commonly exempt from federal, state, and local taxes.

ANS: T                      DIF: MEDIUM      LO: 1.1                      Section: Define  
business.                      AACSB: Analytical thinking      BT: K

105. All factors of production are found in equal amounts in all businesses.

ANS: F                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
K

106. Capital usually includes entrepreneurs and human resources.

ANS: F                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
K

107. Natural resources are linked to the factor payment of rent.



ANS: T                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Information technology  
BT: K

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

ANS: F                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Information technology  
BT: K

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

ANS: F                      DIF: EASY                      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
K

111. Entrepreneurship is synonymous with “risk-taking.”

ANS: T                      DIF: MEDIUM      LO: 1.2                      Section: Identify and  
describe the factors of production.                      AACSB: Analytical thinking      BT:  
K

112. The private enterprise system encourages government intervention.

ANS: F                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

114. The private enterprise system is also referred to as capitalism.

ANS: T                      DIF: EASY                      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

115. The right to private property is considered the most basic right in the private enterprise system.

ANS: T                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

118. Competitive differentiation is discouraged for a business to be successful.

ANS: F                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

119. Finding unique ways to use the factors of production is a common characteristic of most entrepreneurs.

ANS: T                      DIF: MEDIUM      LO: 1.3                      Section: Describe the  
private enterprise system.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

123. One factor that led to the Industrial Revolution was the mechanization of agriculture.

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

124. A key element of the production era was the use of consumer research.

ANS: F                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

125. Assembly lines were introduced during the production era.

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

128. The current philosophy among managers today is best described as transaction management.

ANS: F                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Information technology  
BT: K

130. Technology has revolutionized business communications.

ANS: T                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Information technology  
BT: K

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

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Information technology  
BT: K

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

ANS: F                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

133. If Motorola and Microsoft work on developing a new cell phone that also is a PDA, then such a merger would be an example of a strategic alliance.

ANS: T                      DIF: MEDIUM      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: EASY                      LO: 1.4                      Section: Identify the  
seven eras in the history of business.                      5 AACSB: Analytical thinking      BT:  
K

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

ANS: T                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking      BT:  
K

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

ANS: F                      DIF: MEDIUM      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking      BT:  
K

138. Research indicates that work teams consisting of a diverse group of individuals often are more productive than less diverse work teams.

ANS: T                      DIF: MEDIUM      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Diverse and multicultural work  
environments      BT: K

139. Even with advances in management and communications, manufacturing still accounts for most of the annual output in the United States.
- ANS: F                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
K
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.
- ANS: T                      DIF: MEDIUM                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
K
141. Today, workers are much less likely to remain with the same employer throughout their entire careers.
- ANS: T                      DIF: EASY                      LO: 1.5                      Section: Explain current  
workforce trends in business.                      AACSB: Analytical thinking                      BT:  
K
142. The managerial quality of vision is the ability to perceive marketplace needs and what an organization must do to satisfy them.
- ANS: T                      DIF: MEDIUM                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K
143. Critical thinking skills and creativity are essential qualities for today's managers.
- ANS: T                      DIF: EASY                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K
144. In business, creativity refers to the ability to see better and different ways of doing business.
- ANS: T                      DIF: MEDIUM                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K
145. Creativity is the capacity to develop well-tested solutions to common organizational problems.
- ANS: F                      DIF: MEDIUM                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K
146. Physical exercise releases endorphins, which can help a manager come up with creative ideas.

ANS: T                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager. 1                      AACSB: Analytical  
thinking                      BT: K

147. Mental exercises like brainstorming often foster creativity.

ANS: T                      DIF: EASY                      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K

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

ANS: F                      DIF: MEDIUM      LO: 1.6                      Section: Identify the  
skills and attributes needed for today's manager.                      AACSB: Analytical  
thinking                      BT: K

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

ANS: T                      DIF: EASY                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: K

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

ANS: T                      DIF: EASY                      LO: 1.7                      Section: Outline the  
characteristics that make a company admired.                      AACSB: Ethical  
understanding and reasoning                      BT: K