**Chapter 1—The Changing Face of Business**

**MATCHING**

*Complete the following using the terms listed.*

1. outsourcing
2. diversity
3. entrepreneur
4. competitive differentiation
5. private property
6. capital
7. vision
8. factors of production
9. brand
10. relationship era
11. not-for-profit organizations
12. business ethics

1. \_\_\_\_\_ refers to technology, tools, information, and physical facilities.

ANS: F

DIF: medium

LO: 1.2

SECTION: Factors of Production

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AACSB: Analytic

BLOOM’S: Knowledge

2. \_\_\_\_\_ involves blending different genders, ethnic backgrounds, cultures, religions, ages, and physical and mental abilities in order to enhance a firm’s chances of success.

ANS: B

DIF: medium

LO: 1.2

SECTION: Factors of Production

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AACSB: Analytic

BLOOM’S: Knowledge

3. A(n) \_\_\_\_\_ is a name, terms, sign, symbol, design, or combination that identifies the products of one firm.

ANS: I

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

4. \_\_\_\_\_ is the unique combination of organizational abilities, products, and approaches that sets a company apart from competitors in the minds of consumers.

ANS: D

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Knowledge

5. The right to \_\_\_\_\_\_ is the most basic freedom of the private enterprise system.

ANS: E

DIF: medium

LO: 1.2

SECTION: Factors of Production

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AACSB: Analytic

BLOOM’S: Knowledge

6. A person who seeks a profitable opportunity and then devises a plan to achieve that profit is called a(n) \_\_\_\_\_.

ANS: C

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

7. The ability to perceive future marketplace needs and what an organization can do to satisfy them is referred to as \_\_\_\_\_.

ANS: G

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

8. To operate effectively, certain inputs called \_\_\_\_\_ systems are required for all economic systems.

ANS: H

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

9. \_\_\_\_\_ is the era in business history defined by the collection of activities that build and maintain ongoing, mutually beneficial ties between a business and its customers and other parties.

ANS: J

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

10. \_\_\_\_\_ are businesslike establishments that have primary objectives other than returning profits to their owners.

ANS: K

DIF: medium

LO: 1.1

SECTION: What is Business?

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AACSB: Analytic

BLOOM’S: Knowledge

11. A company that contracts with another business to perform functions previously handled by internal staff is participating in \_\_\_\_\_.

ANS: A

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

12. \_\_\_\_\_ refers to the standards of conduct and moral values involving decisions made in the work environment.

ANS: L

DIF: medium

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Analytic

BLOOM’S: Knowledge

**ESSAY**

13. 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. Sometimes technology results in a new product, such as hybrid autos that run on a combination of gasoline and electricity. Most of the major car companies have introduced hybrid models in recent years.

DIF: medium

LO: 1.2

SECTION: What is Business?

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AACSB: Analytic

BLOOM’S: Knowledge

14. Define profit. Explain why you agree or disagree with the following statement: “The success of a business is measured only by the profit it earns.”

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, the general public, and even with their competitors.

DIF: hard

LO: 1.1

SECTION: What is Business?

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AACSB: Analytic

BLOOM’S: Comprehension

15. 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: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Knowledge/Comprehension

16. Explain how consumers benefit from business competition.

ANS: Competition forces a business that wants to continue to be profitable to constantly find acceptable ways to satisfy customers’ needs. Customers benefit from new products, more services, and more economical strategies and operations that are continuously offered by firms as they strive for customer acceptance. These tactics often bring lower prices, better quality, and more convenience to the customers. The ability to buy more raises the standard of living, increases demand, and subsequently creates more jobs.

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Comprehension

17. List the six eras of business history. Name and describe the era used by businesses today.

ANS: The six eras are the Colonial period, the Industrial Revolution, the age of industrial entrepreneurs, the production era, the marketing era, and the relationship era. Today’s era, the relationship era, focuses on taking a long-term approach to relationships with customers. Firms seek ways to gain customer loyalty by managing each transaction.

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge/Application

18. 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: Six Eras in the History of Business

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AACSB: Technology

BLOOM’S: Knowledge

19. Explain the difference between transaction management and business practices of the relationship era.

ANS: Building and promoting products with the hope that the sales will cover costs and earn an acceptable profit is known as transaction management. Actively promoting long-term relationships with customers by carefully managing each interaction are the business practices of the relationship era. Potential benefits of relationship era business practices include higher revenues and lower marketing expenses.

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Comprehension

20. Explain how business owners enhance productivity by building connections with their customers in the relationship era.

ANS: In the relationship era, businesses are taking a different, longer-term approach to their interactions with customers. Firms 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: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Comprehension

21. Explain how the marketing era changed marketing so that it was no longer synonymous with just selling.

ANS:The demand for consumer goods boomed post World War II, leaving business needing a way to differentiate their products on the market. Businesses envisioned a process of determining what consumers both wanted and needed, then designed products to satisfy those needs, a philosophy called consumer orientation. It was also during this time that branding was needed to differentiation their products from the competition.

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Technology

BLOOM’S: Comprehension

22. Describe offshoring and 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: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Comprehension

23. Explain the new employer-employee relationship in business.

ANS: Many firms now recognize the value of a partnership with employees that encourages creative thinking, problem solving, and innovation. Managers are being trained to listen to and respect employees, and companies routinely share financial data and reward employees with benefits, such as stock options. Additionally, employees often receive training geared toward career advancement. Employees are no longer likely to remain with a single company throughout their entire careers and do not necessarily expect lifetime loyalty from the companies they work for. They do not expect to give that loyalty either. Instead, they build their own careers however and wherever they can.

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Comprehension

24. Describe how the aging population in the United States and abroad directly affects 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: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

25. 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: Today’s Business Workforce

PAGE: 9

AACSB: Diversity

BLOOM’S: Knowledge

26. 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: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

27. Define the term vision. Why is vision an important skill today?

ANS: Vision is the ability to perceive marketplace needs and what an organization must do to satisfy them. Vision and the ability to turn ideas into action enhance a firm’s chances of success.

DIF: hard

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Comprehension

28. Explain how business ethics differs from social responsibility.

ANS: Business ethics refers to standards of conduct and moral values involving right and wrong actions in the work environment. Social responsibility is the actions taken by an organization that lead 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: What Makes a Company Admired?

PAGE: 11

AACSB: Ethics

BLOOM’S: Comprehension

29. Describe critical thinking and creativity and why they are important qualities for the 21st century 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 information, knowledge, and arguments. It involves looking beneath the surface for deeper meaning and connections that can help identify critical issues and solutions. Without critical thinking, a firm may encounter serious problems. Creativity is the capacity to develop novel solutions to perceived organizational problems. 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: 1.7

SECTION: What Makes a Company Admired?

PAGE: 11

AACSB: Ethics

BLOOM’S: Comprehension

**MULTIPLE CHOICE**

30. All of the following are businesses **EXCEPT** \_\_\_\_\_\_\_\_.

1. U.S. Postal Service
2. UPS
3. FedEx
4. AOL

ANS: A

DIF: easy

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

31. Which of the following are organized for profit and provide goods and services?

1. businesses
2. public schools
3. government
4. churches

ANS: A

DIF: easy

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

32. \_\_\_\_\_\_\_\_ is essential because it serves as a primary incentive for people to start companies, expand them, and provide consistently high-quality competitive goods and services.

1. Vision
2. Profit
3. Market research
4. Philanthropy

ANS: B

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

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

1. revenues
2. generated income
3. profits
4. sales

ANS: C

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Ethics

BLOOM’S: Knowledge

34. At the heart of every business endeavor is what?

1. the exchange between a buyer and seller
2. the creation of a product
3. providing a service
4. none of the above

ANS: A

DIF: easy

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

35. All of the following statements are correct **EXCEPT**:

1. Successful businesses seek to meet their social and ethical responsibilities.
2. Business provides goods and services necessary to an economic system.
3. Business is the economic pulse of a nation.
4. Business includes nonprofit organizations that provide services to the public.

ANS: D

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

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

1. labor unions
2. religious organizations
3. hotels
4. museums

ANS: C

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

37. A public-sector not-for-profit organization would include which of the following?

1. library
2. museum
3. charitable group
4. labor union

ANS: D

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

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

1. land, rent, capital, and human resources
2. capital, perseverance, natural resources, and human resources
3. rent, wages, interest, and profit
4. natural resources, human resources, capital, and entrepreneurship

ANS: D

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

39. Donovan Corporation’s sources of capital can include all of the following **EXCEPT** \_\_\_\_\_\_\_\_.

1. cash dividends declared by Donovan’s board of directors and paid to the stockholders
2. investments from stockholders
3. reinvested profits
4. loans extended by others

ANS: A

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

40. Timber Trails, a Northwest lumber company, utilizes \_\_\_\_\_\_\_\_ as its primary production factor.

1. human resources
2. entrepreneurship
3. capital
4. natural resources

ANS: D

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

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

1. entrepreneurship
2. natural resources
3. capital
4. human resources

ANS: D

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

42. The human resources of a firm refer to \_\_\_\_\_\_\_\_.

1. everyone over 18 years of age
2. everyone who works for the business
3. full-time employees
4. top management

ANS: B

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

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

1. profits
2. wages
3. capital
4. interest

ANS: C

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

44. Capitalism is founded on \_\_\_\_\_\_\_\_.

1. the social changes that followed the Industrial Revolution
2. the idea that 80 percent of the nation’s wealth should be owned by no more than 20 percent of the people
3. the belief that competition among business firms best serves the needs of society
4. the idea that the government must own all factors of production

ANS: C

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

1. social responsibility
2. socialism
3. entrepreneurship
4. pure competition

ANS: C

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

46. In his book *TheWealth of Nations*, the Scottish economist Adam Smith was the first person to describe \_\_\_\_\_\_\_\_.

1. socialism
2. communism
3. capitalism
4. entrepreneurship

ANS: C

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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 \_\_\_\_\_\_\_\_.

1. the private enterprise system
2. a social democracy
3. a monopoly
4. socialism

ANS: A

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Knowledge

48. When Greenlawn Inc. finds itself losing contracts because Lo-Price Lawn Co. charges less money, Greenlawn responds by lowering its bids. This reaction demonstrates \_\_\_\_\_\_\_\_.

1. the invisible hand of competition
2. collision
3. the right to private property
4. social responsibility

ANS: A

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

1. freedom of choice
2. private property
3. profit
4. set ground rules for competitive activity

ANS: B

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Comprehension

50. By offering a lifetime warranty on its products, Warner Electronics has set itself apart from its competition. This difference is known as Warner Electronics’ \_\_\_\_\_\_\_\_\_\_\_.

1. private enterprise system
2. competitive differentiation
3. capitalism
4. natural resources

ANS: B

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Comprehension

51. All of the following are basic rights within a private enterprise system **EXCEPT** \_\_\_\_\_\_\_\_.

1. private property
2. guaranteed profits
3. freedom of choice of investment
4. freedom of choice of employment

ANS: B

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

52. Citizens in a private enterprise system have the right to choose their employment, purchases, and investments, illustrating their right to \_\_\_\_\_\_\_\_.

1. private property
2. credit
3. profit
4. freedom of choice

ANS: D

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

53. Which of the following is considered to be the most fundamental right of the private enterprise system?

1. the right to private property
2. the right to guaranteed profits
3. freedom of choice
4. the right to fair competition

ANS: A

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

54. The right to profit means the \_\_\_\_\_\_\_\_.

1. risk taker is guaranteed the right to all profits (after taxes) that are earned by the business
2. right to go into or out of business at any point and for any reason
3. government will guarantee a profit
4. right to all benefits resulting from the ownership of property

ANS: A

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

1. low risk
2. flexibility
3. guaranteed profit
4. reduced competition

ANS: B

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Comprehension

56. All of the following are rights granted to citizens and to the government in a private enterprise system **EXCEPT** the right to \_\_\_\_\_\_\_\_.

1. fair competition
2. permit price discrimination
3. select from among a variety of goods and services
4. own property

ANS: B

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

57. In colonial society, real economic and political power was centered in \_\_\_\_\_\_\_\_.

1. metropolitan areas
2. areas west of the Mississippi River
3. cities
4. rural areas

ANS: D

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

58. The Industrial Revolution in England transformed America’s economy by introducing \_\_\_\_\_\_\_\_.

1. the factory system
2. labor unions
3. the concept of each worker producing one complete product
4. the continuously moving assembly line

ANS: A

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

59. The American Industrial Revolution did not make real progress until \_\_\_\_\_\_\_\_.

1. a good relationship was formed with England
2. a railroad system was built providing fast, economical transportation
3. the introduction of the automobile occurred
4. a reliable system of telephone communication was established

ANS: B

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

60. 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 \_\_\_\_\_\_\_\_.

1. relationship era
2. marketing era
3. Industrial Revolution
4. production era

ANS: D

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

61. Inventors such as Robert McCormick and Eli Whitney were part of the \_\_\_\_\_\_\_\_\_\_\_.

1. marketing era
2. colonial era
3. age of industrial entrepreneurs
4. relationship era

ANS: C

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

62. The business philosophy that advocates determining what consumers want and need, and then designing products to satisfy those needs, is known as \_\_\_\_\_\_\_\_.

1. consumer orientation
2. self-sufficiency concept
3. work ethic
4. production concept

ANS: A

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

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

1. production era
2. relationship era
3. age of the industrial entrepreneur
4. marketing era

ANS: D

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

64. Which of the following **BEST** distinguishes the philosophy of the marketing era from the philosophy of the production era?

1. The marketing era was more consumer-oriented.
2. The production era occurred after World War II.
3. The marketing era advocated price discrimination.
4. The production era was more consumer-oriented.

ANS: A

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

65. 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 \_\_\_\_\_\_\_\_.

1. relationship management
2. marketing management
3. a strategic alliance
4. transaction management

ANS: D

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

66. All of the following are true of the production era **EXCEPT:**

1. focus on internal process rather than external influences
2. marketing was an afterthought
3. Produced more goods through quicker means
4. large focus on consumer wants

ANS: D

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

67. The relationship era is also the age of connections between:

1. businesses and customers
2. employees and employers
3. separate companies
4. all of the above

ANS: D

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

68. All are advantages of the relationship era practices **EXCEPT**:

1. less expensive to service existing customers than find new ones
2. increased production through faster means
3. receive new customer through customer referrals rather than costly marketing
4. improved understanding of what customers need and want

ANS: B

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

69. Nurturing customer loyalty by gathering knowledge of customer needs and preferences is an approach cultivated in the \_\_\_\_\_\_\_\_\_\_\_\_.

1. relationship era
2. colonial period
3. industrial revolution
4. marketing era

ANS: A

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

70. Which of the following is NOT a new trend in hiring and the workforce?

1. telecommuting
2. job sharing
3. rigid job structures
4. increase in part-time and temporary workers

ANS: C

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

71. The number of people age 65 or over will \_\_\_\_\_\_\_\_ by 2025.

1. decrease by approximately 10 percent
2. double
3. increase by approximately 50 percent
4. increase by approximately 10 percent

ANS: B

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

72. Diverse employee teams tend to perform \_\_\_\_\_\_\_\_ and develop \_\_\_\_\_\_\_\_ than do homogenous employee groups.

1. less effectively; better solutions
2. more effectively; better solutions
3. less effectively; worse solutions
4. more effectively; worse solutions

ANS: B

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

73. Which of the following statements is **NOT** correct?

1. Workers change jobs less frequently today.
2. The size of the labor pool is decreasing.
3. The U.S. population is getting older.
4. The U.S. population is becoming more diverse.

ANS: A

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

74. Outsourcing \_\_\_\_\_\_\_\_.

1. reduces the diversity of the workforce
2. can make a firm more competitive
3. increases staffing requirements
4. increases costs

ANS: B

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

75. When Google opened offices in Tokyo, London, and Sydney, they were utilizing \_\_\_\_\_\_\_\_ by relocating business processes to lower-cost locations overseas.

1. nearshoring
2. outsourcing
3. offshoring
4. employee sourcing

ANS: C

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

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

1. outsourcing
2. branding
3. multitasking
4. shrinking

ANS: A

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

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

1. nearshoring
2. nearsourcing
3. exporting
4. offshoring

ANS: A

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: communication

BLOOM’S: Knowledge

78. The new employer-employee partnership has led to all of the following **EXCEPT** \_\_\_\_\_\_\_\_.

1. increased job security
2. sharing of financial information with employees
3. increased emphasis on listening to and respecting employees
4. helping employees improve skills and knowledge

ANS: A

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

79. The work-comes-first lifestyle is exemplified by:

1. Baby Boomers
2. Generation X
3. Generation Y
4. The EU

ANS: A

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

80. \_\_\_\_\_\_\_\_ is the ability to perceive marketplace needs and what an organization must do to satisfy these needs.

1. critical thinking
2. social responsibility
3. vision
4. creativity

ANS: C

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

81. This process includes activities such as looking beneath the surface for deeper meaning and connections that can help identify crucial issues and solutions.

a. critical thinking

b. social responsibility

c. vision

d. creativity

ANS: a

DIF: Medium

LO: 1.6

SECTION: The 21st-Century Manager

PAGE: 20

AACSB: Reflective Thinking

BT: AP

82. For today’s managers, which of the following is **LEAST** important?

1. the ability to work by strict rules
2. vision
3. critical thinking skills
4. creativity

ANS: A

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

83. In business, \_\_\_\_\_\_\_\_ refers to the ability to see better and different ways of doing business.

1. critical thinking
2. social responsibility
3. creativity
4. vision

ANS: C

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

84. Emily works for a pharmaceutical company and gives a presentation on the need to expand the company’s geriatric division within the next ten years. Emily is helping to establish the company’s \_\_\_\_\_\_\_\_.

1. creativity
2. productivity
3. vision
4. critical thinking

ANS: C

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

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

1. vision
2. productivity
3. critical thinking
4. creativity

ANS: D

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

86. When 3M managers decided to manufacture Post-it notes, a new product was born. This was an example of \_\_\_\_\_\_\_\_ in action.

1. critical thinking skills
2. vision
3. social responsibility
4. creativity

ANS: D

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

87. Feedback from customers is an example of a(n) \_\_\_\_\_\_\_\_ that requires organizational change.

1. external force
2. internal force
3. change agent
4. marketing issue

ANS: A

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

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

1. labor union demands
2. production problems
3. new company goals
4. new technologies

ANS: D

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

89. When management adheres to a set of standards involving the right and wrong actions arising in the work environment, management is practicing \_\_\_\_\_\_\_\_.

1. social responsibility
2. business ethics
3. social welfare
4. creativity

ANS: B

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

PAGE: 11

AACSB: Ethics

BLOOM’S: Knowledge

90. “Newman’s Own” is a food product line that gives 100 percent of its after-tax profits to charity. This company is practicing \_\_\_\_\_\_\_\_.

1. business ethics
2. social responsibility
3. customer satisfaction
4. creativity

ANS: B

DIF: medium

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

91. When management’s decisions align with social and economic issues, the company is practicing \_\_\_\_\_\_\_\_.

1. creativity
2. business ethics
3. social welfare
4. social responsibility

ANS: D

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

92. Social responsibility would include all of the following **EXCEPT** \_\_\_\_\_\_\_\_.

1. supporting the local United Way
2. buying goods and services from minority-owned vendors
3. making campaign contributions to politicians in the hope of obtaining a government contract
4. making contributions to the local public radio station

ANS: C

DIF: medium

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

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

1. creativity
2. business ethics
3. a social audit
4. social responsibility

ANS: B

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

**TRUE/FALSE**

94. 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: What is Business?

PAGE: 3

AACSB: Ethics

BLOOM’S: Knowledge

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

ANS: T

DIF: medium

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

96. 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: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

97. Large corporations are defined as businesses, whereas small companies are more of an investment.

ANS: F

DIF: easy

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: easy

LO: 1.1

SECTION: What is Business?

PAGE: 3

AACSB: Ethics

BLOOM’S: Knowledge

99. Capital includes money, machines, tools, buildings, and human resources.

ANS: F

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

100. Technology and capital are considered two separate factors of production.

ANS: F

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Technology

BLOOM’S: Knowledge

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

ANS: F

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

102. Technology is considered to be capital.

ANS: T

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Technology

BLOOM’S: Knowledge

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

ANS: F

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: easy

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Analytic

BLOOM’S: Knowledge

105. Entrepreneurship is synonymous with ‘risk-taking.’

ANS: T

DIF: medium

LO: 1.2

SECTION: Factors of Production

PAGE: 4

AACSB: Technology

BLOOM’S: Knowledge

106. The private enterprise system encourages government intervention.

ANS: F

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

107. Adam Smith’s “invisible hand” refers to the battle among businesses for consumer acceptance.

ANS: T

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

108. Private property is considered the most important right in the private enterprise system.

ANS: T

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

109. Competitive differentiation is discouraged in order for a business’ success.

ANS: F

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

112. Entrepreneurs are very conservative and usually invest only in sure winners.

ANS: F

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

115. 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: The Private Enterprise System

PAGE: 5

AACSB: Analytic

BLOOM’S: Knowledge

116. When the government sets ground rules for competitive activity, the intent is to increase freedom of choice for consumers.

ANS: T

DIF: easy

LO: 1.3

SECTION: The Private Enterprise System

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

118. During the Industrial era, the focus was on agriculture and other rural activities.

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

121. Assembly lines were introduced during the production era.

ANS: T

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

123. In consumer orientation, a company creates a product first, and then determines if the consumer will likely purchase the product.

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: T

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

126. Transaction management was introduced during the industrial era.

ANS: F

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Technology

BLOOM’S: Knowledge

127. Relationship Era was defined by its increased productions of goods by faster means.

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Technology

BLOOM’S: Knowledge

128. Relationship era practices concentrates on short-term interactions with customers.

ANS: F

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

129. Henry Ford’s assembly line production is indicative of the production era’s specialized labor and increased production by faster methods. )

ANS: T

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

130. J.P. Morgan, Eli Whitney, and Andrew Carnegie are examples of inventors of the marketing era.

ANS: F

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

131. The marketing era occurred before The Great Depression.

ANS: F

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Analytic

BLOOM’S: Knowledge

132. Consumer orientation and branding are indicative of the marketing era.

ANS: T

DIF: easy

LO: 1.4

SECTION: Six Eras in the History of Business

PAGE: 6

AACSB: Analytic

BLOOM’S: Knowledge

133. It is more expensive to maintain loyal customers than to market to potential new customers.

ANS: F

DIF: medium

LO: 1.4

SECTION: Six Eras in the History of Business

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AACSB: Technology

BLOOM’S: Knowledge

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

ANS: T

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

136. Managers are beginning to recognize the different needs of workers of different ages.

ANS: T

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

137. Technology has revolutionized business communications.

ANS: T

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Technology

BLOOM’S: Knowledge

138. Persons of Hispanic and Asian descent represent the fastest growing segments of the U.S. population.

ANS: T

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

140. It is predicted that technology will completely eliminate all cubicle jobs.

ANS: F

DIF: easy

LO: 1.5

SECTION: Today’s Business Workforce

PAGE: 9

AACSB: Technology

BLOOM’S: Knowledge

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: Today’s Business Workforce

PAGE: 9

AACSB: Analytic

BLOOM’S: Knowledge

142. 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: easy

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

143. 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: Today’s Business Workforce

PAGE: 9

AACSB: Diversity

BLOOM’S: Knowledge

144. The new employer-employee relationship requires firms to establish rigid rules to govern employee activities.

ANS: F

DIF: medium

LO: 1.5

SECTION: Today’s Business Workforce

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AACSB: Analytic

BLOOM’S: Knowledge

145. Not all people have creative skills.

ANS: F

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

146. 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: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

148. Critical thinking skills and creativity are essential qualities for today’s managers.

ANS: T

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Knowledge

149. Creativity and critical thinking are terms for the same concept.

ANS: F

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

PAGE: 10

AACSB: Analytic

BLOOM’S: Application

150. Solid profits is one, but not all, of the accomplishments that makes a company admired.

ANS: T

DIF: easy

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

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

ANS: F

DIF: medium

LO: 1.6

SECTION: The 21st Century Manager

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AACSB: Analytic

BLOOM’S: Knowledge

152. By supporting local charities, a firm is demonstrating social responsibility.

ANS: T

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

153. Participating in not-for-profit programs is an example of exhibiting social responsibility.

ANS: T

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge

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

ANS: T

DIF: easy

LO: 1.7

SECTION: What Makes a Company Admired?

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AACSB: Ethics

BLOOM’S: Knowledge