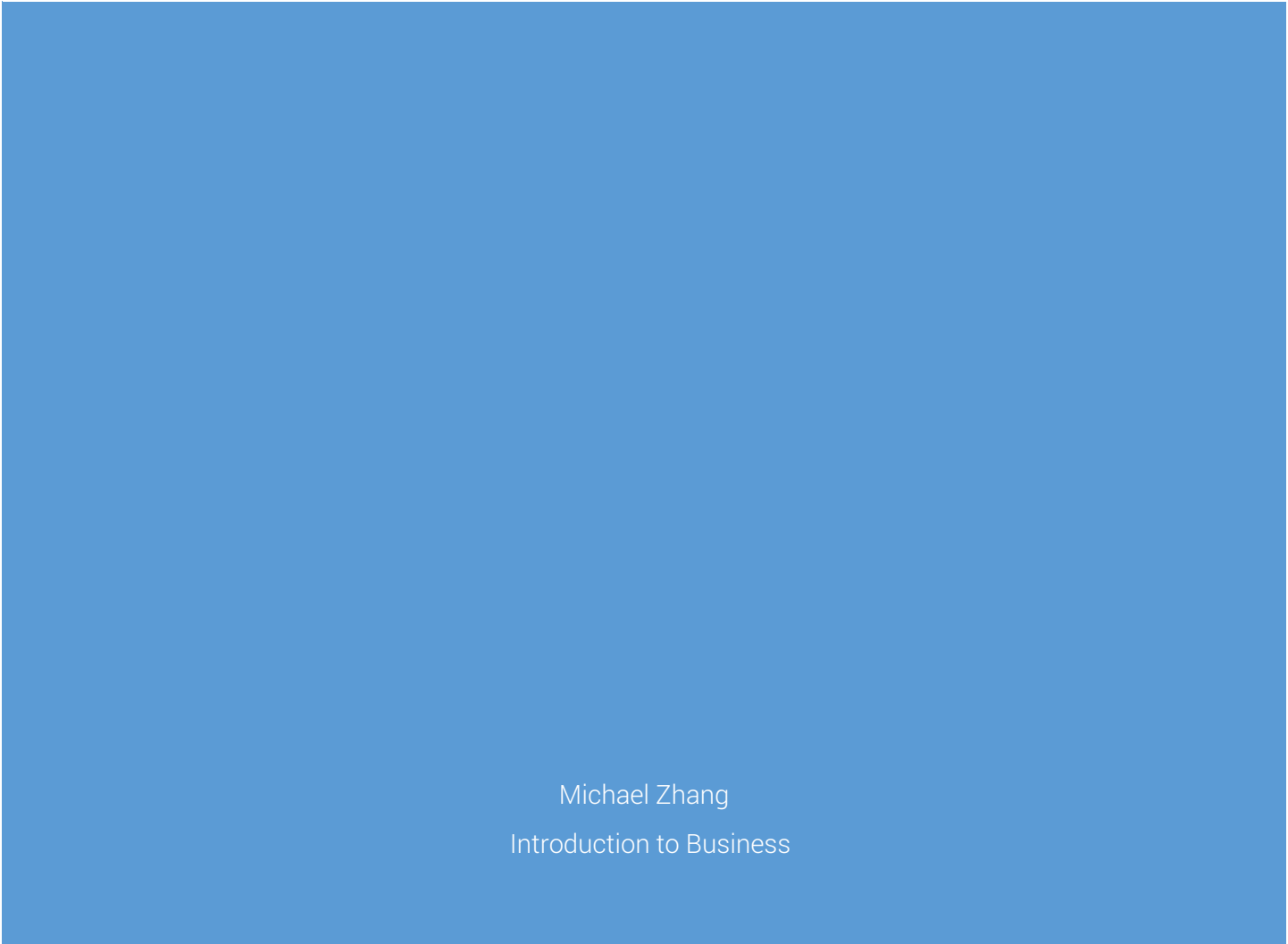




FINAL EXAM REVIEW SHEET

Michael Zhang
Introduction to Business

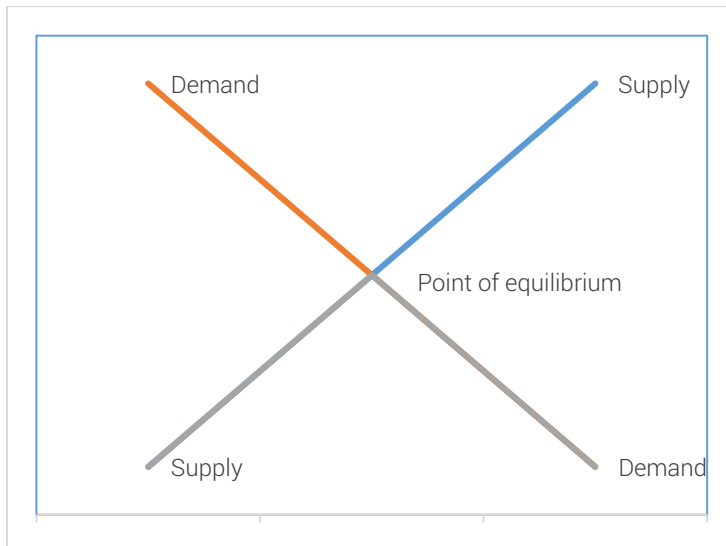


Chapter 1 Economic Decisions and Systems

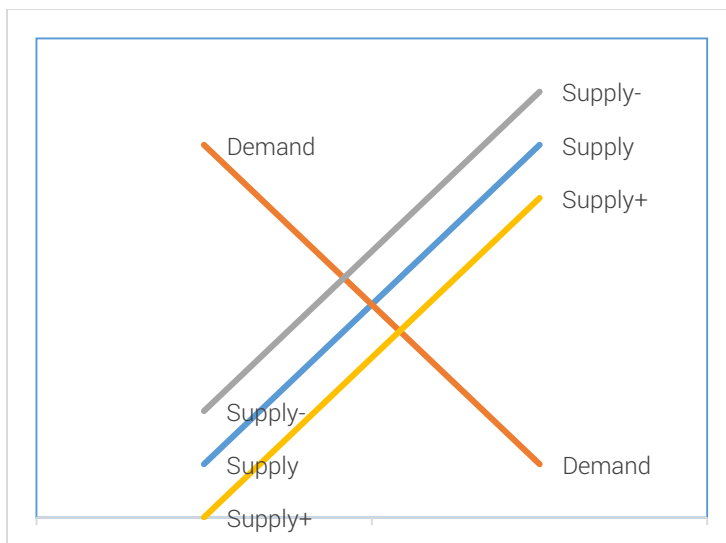
1. Economic resources are often called **factors of production**.
 2. The means through which we produce the things we need and want are called **economic** resources.
 3. Materials that come from the earth, the water, or air are **natural** resources.
 4. Another name for the labor force, the people who work to produce goods and services, is **human resources**.
 5. Capital resources are the tools, equipment, and machinery used to produce **goods and services**.
 6. Using our **limited** economic resources wisely will help us to satisfy our unlimited wants as fully as possible.
 7. The value of the next-best alternative that you did not choose when making a decision is called an **opportunity cost**.
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1. The profit motive and competition are emphasized: **free market economy**.
 2. Government officials decide what goods and services are to be produced and how they will be produced: **command economy**.
 3. Government decides how much of the country's resources will be used for military or consumer goods: **command economy**.
 4. Change and growth occur slowly and people are poor in material goods: **traditional economy**.
 5. The system is based on free exchange by buyers and sellers in the marketplace: **free market economy**.

1. Is demand defined as the amount of a good or service that consumers are willing and able to buy at a price? **No**.
2. Do both demand for and supply of a product affect price? **Yes**.
3. Does competition tend to keep prices high? **No**.

1. Label the following graph:



2. Show an increase and decrease of supply on the following graph:



Chapter 3 Business in the Global Economy

1. Trade among nations allows each to take advantage of its area of specialization. **True**.
 2. Because of its many natural resources, the United States can provide for all of the wants and needs of its people. **False**.
 3. The exchange rate is the value of the money of one country expressed in terms of the value of the money of another country. **True**.
 4. A tariff encourages trade among nations. **False**.
 5. A quota restricts the amount of money that may be taken into a foreign country. **False**.
 6. Domestic business refers to business activities needed for creating, shipping, and selling goods across national borders. **False**.
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1. The difference between a country's total exports and total imports of merchandise is **the balance of trade**.
 2. **Embargo** is the stopping the importing or exporting of a certain product or service.
 3. **Imports** are the goods and services bought from another country and **exports** are the goods and services sold to another country.
 4. A **comparative advantage** exists when a country specializes in the production of a good or service at which it is relatively more efficient.
 5. Danielle's company is expanding into Korea and has asked her to research the language, customs, and values of the Korean people. She is investigating which aspect of the international business environment: **culture**.
 6. Pizza Hut restaurants in Japan sell pizzas with squid toppings because squid is a popular Japanese food. This is an example of what type of international marketing strategy: **multinational strategy**.

Chapter 5 Business Organization and Management

1. **Municipal Corporation** an incorporated town or city.
2. **Cooperative** a business that is owned by the members it serves and is managed in their interest.
3. **Corporation** a business made up of a number of owners but authorized by law to act as a single person.
4. **Dividend** the part of the profits of a corporation that each stockholder receives.
5. **Stockholder** a person who owns stock in a corporation.
6. **Franchise** a written contract granting permission to sell someone else's product or service in a prescribed manner, over a certain period of time, and in a specified area.
7. **Franchisor** the parent company that grants permission to a person or group to sell its products or services.
8. **Consumers' cooperative** an organization of consumers who buy goods and services together
9. **Articles of Partnership** a written agreement made by partners in forming their business.
10. **Certificate of incorporation** a document, generally issued by a state government, giving permission to start a corporation.
11. **Sole proprietorship** a business owned by one person.
12. **Board of directors** a group of people elected by stockholders to guide a corporation.

1. You must own more than one share of stock in order to be one of the owners of the corporation. **False**.
2. The part of corporate profits each stockholder receives is called a dividend. **True**.
3. A corporation elects a board of directors to make major decisions for the business. **False**.
4. Most consumers' cooperatives sell to nonmembers as well as to members. **False**.
5. The franchise agreement states the duties and rights of the operator of the franchise and of the parent company. **True**.
6. A retailer is an example of a producer. **False**.

1. A unique business organized by two or more other businesses to operate for a limited time and for a specific project is a **joint venture**.
2. The obligation to complete specific work is **responsibility**.
3. A special form of business organization that combines advantages of a corporation and a partnership is a **limited liability company**.
4. When work is structured around particular projects, products, or customer groups, it is a **matrix** organizational structure.
5. A **cooperative** is owned by members, serves their needs, and is managed in their interest.
6. A **limited liability** partnership identifies some investors who cannot lose more than the amount of their investment, but they are not allowed to participate in the daily management of the business.

Chapter 6 Entrepreneurship

A. Description of the Business

- a. Business idea
- b. Major products and services
- c. Ownership structure
- d. Strengths/weaknesses
- e. Long- and short-term goals

B. Description of the Competition

- a. Characteristics of the industry
- b. Condition of the economy
- c. Strengths and weaknesses of major competitors

C. Customer Analysis

- a. Description of customers
- b. Location, number, and resources of customers
- c. Sales forecasts

D. Operations Plan

- a. Organization of the company
- b. Description of major operations
- c. Analysis of resources needed
- d. Human resource plans

E. Marketing Plan

- a. Description of major marketing activities
- b. Description of resources needed
- c. Schedule of marketing activities

F. Financial Plan

- a. Start-up costs
- b. Short- and long-term financial needs
- c. Sources of financing
- d. Budgets and financial statements

1. A written description of a business idea and how it will be carried out is called a **business plan**.
2. **Start-up financing** is the amount of money needed to open a new business.
3. **Entrepreneurship** is the process of starting, organizing, managing, and assuming the responsibility for a business.
4. According to the Small Business Administration, a small business is an independent business with fewer than **500** employees.
5. The business idea, ownership structure, and the business's long-term goals are discussed in this section of a business plan: **description of the business**.

Chapter 7 Management and Leadership

1. Manager walks to the next department to see that manager: **horizontal + internal**.
2. An employee emails her manager to ask for help: **vertical + internal**.
3. The on-site manager sends a letter to the home office manager: **horizontal + internal**.
4. A salesperson calls a dissatisfied customer: **vertical + external**.

1. A company's chief operating officer is an example of an **executive**.
2. Carol's employees accomplish the tasks she assigns them because they respect and trust her. This is an example of **identity influence**.
3. No matter how well-liked they are by employees, all managers have **management style**.

1. The obligation of a business to contribute to the well-being of a community is called business ethics. **False**.
2. Executives are the first level of management in a business. **False**.
3. A code of ethics is a statement of behavior that applies only to the officials of the company. **False**.

Ethics are **the principles of conduct governing an individual or a group**. Ethics generally apply to everyone in a business, and are the standards of judgment by the consumer.

Chapter 10 Marketing

1. The path that brings products to a consumer is called the **channel of distribution**.
2. An **indirect** channel of distribution uses one or more middle firms.
3. A business firm that sells directly to the consumer is a
4. A **wholesaler** buys products, sorts and unitizes them and sells them to retailers.
5. When a producer sells its products directly to the consumer, it is called a **direct** channel of distribution.
6. **Price** is what customers pay and the method of payment.
7. The four marketing elements
8. The marketing process includes the activity of manufacturing. **False**.
9. Today most promotion is done through **advertising**.
10. Highly complex and technical products have higher prices than simple ones. **False**.
11. Purchases made based upon facts and logic is a **rational** buying motive.

Chapter 12 Financial Management

1. Few businesses are profitable in the first
2. After several years of operation, the task of identifying sources of **income** and types of **expenses** will not be as difficult.
3. **Budget** provide detailed plans of financial needs of individuals and businesses.
4. This is an estimate of the actual money a business received and paid out for a specific period: **cash budget**.
5. **Land, buildings, and equipment** are examples of fixed assets.
6. **Liabilities** are what a company owes.
7. **Sales** records identify the type and quantity of products available for sale.
8. Financial statements are reports that summarize the financial

Investing

1. It is possible to purchase stocks in which there is no chance of losing the money you have invested. **False**.
2. Places of business that specialize in the buying and selling of securities are called exchanges. **False**.
3. A stockbroker arranges for the sale and purchase of stocks. **True**.