

## Economics Application in Business

1. An example of a natural economic resource is
  - a. Equipment
  - b. Tools
  - c. Buildings
  - d. Wood
2. Why do businesses with excessive debts often file for Chapter 7 bankruptcy?
  - a. To refinance
  - b. To consolidate
  - c. To liquidate
  - d. To reorganize
3. Rikin would like to start a sandwich shop, but he has limited capital and experience. What form of business ownership should she consider?
  - a. Partnership
  - b. Corporation
  - c. Monopoly
  - d. Sole proprietorship
4. Rather than being required to start his work day at 8am and end at 4pm, Alifya is allowed to start and end his work day at his convenience as long as he works 40 hours per week. This is an example of
  - a. just-in-time
  - b. lead time
  - c. shared time
  - d. flextime
5. In economic systems other than private enterprise, the people's standard of living often is controlled by
  - a. the government
  - b. supply and demand
  - c. the marketplace
  - d. private property
6. One of the objectives of economics is deciding how to
  - a. Separate wants from needs
  - b. limit the supply of goods and services
  - c. reduce competition
  - d. get the most with the least
7. When marketers suggest how to change a product or its availability, they
  - a. provide security
  - b. measure capability
  - c. create utility
  - d. increase creativity
8. In possession utility, a consumer finds a product helpful after doing what?
  - a. Selling the product

- b. Using the product
  - c. Upgrading the product
  - d. Buying the product
9. Since the benefits of exercise are constantly being emphasized to consumers, producers of exercise equipment are most likely to
- a. increase production
  - b. decrease supply
  - c. reduce prices
  - d. increase discounts
10. Akshay opened the only video-game shop in a small town and rented video games for \$2.50 each. The shop was constantly busy for the first two months of operation. Since the shop was so busy, he decided to raise the price of video-game rentals to \$4.00. What type of demand existed if the rental of video games remained constant?
- a. Supply
  - b. Inelastic
  - c. Utility
  - d. Elastic
11. Globalization can be an advantage for businesses because it
- a. increases competition.
  - b. can contribute to a phenomenon called “brain drain.”
  - c. can help them to cut costs for certain resources.
  - d. inhibits business ideas.
12. The effect of relative prices on people’s decision to buy helps our market economy to
- a. support high prices that increase sales
  - b. decide who will produce goods and services
  - c. answer the basic economic questions
  - d. assist producers by maintaining low prices
13. Which of the following will foster a business’s ability to adapt to changing markets:
- a. Proactive management
  - b. Reactive management
  - c. Authoritarian leadership
  - d. Conservative leadership
14. An example of information management is demonstrated when a business uses a working system for
- a. storing and retrieving information
  - b. researching customers’ needs
  - c. hiring appropriate employees
  - d. conducting employee evaluations
15. Which of the following statements about producers in our society is false:
- a. Producers are the foundation of all other businesses.
  - b. Manufacturers are considered to be producers.
  - c. Some producers provide goods in their raw state.
  - d. There are two basic categories of producers.

16. An entrepreneur wants to open a manufacturing plant, but in his/her country, s/he cannot own a business. In what type of economic system does this person live?
- Private enterprise
  - Socialist command
  - Traditional
  - Communist command
17. Which of the following is a factor that would encourage a company to start a business in a particular location?
- Easy access to competitors' products
  - Strict government regulations
  - High unemployment rates
  - Easy access to natural resources
18. The major difference between pure and speculative risk is that a possible outcome of speculative is
- stability.
  - loss.
  - no loss.
  - gain.
19. Which of the following items is found in all economic systems?
- Participants
  - Technology
  - Dollars
  - Subsistence
20. The actual monetary return, or reward that a business retains after they pay their bills is their
- sales income
  - sales revenue
  - net profit
  - markup percent