TT TEXTBOOK TESTBANKS

Test Bank for Introduction to Business 2nd Neck

TEST BANK SAMPLE PREVIEW

PUBLISHER
Sage

COPYRIGHT
2026

RESOURCE TYPE
Test Bank

ISBN
9781071966921

Test Bank for Introduction to Business 2nd Edition by Neck, Murray

ISBN: 9781071966921

Introduction to Business (2nd)

ISBN 9781071966921 | Chapter 1: The Business of Business

Total Questions: 200

Easy

Multiple Choice (38)

Q1. *[Multiple Choice]*

Entrepreneurs are skilled at channeling disruption into ______.

- **a)** motivation
- **b)** change
- **c) opportunity ✓ correct**
- **d)** training

Q2. *[Multiple Choice]*

What does “economic value” refer to?

- **a)** the specific amount of money gained through sales
- **b)** the positive impact a business has on society
- **c)** the goals outlined by company founders
- **d) the profitability of the business ✓ correct**

Q3. *[Multiple Choice]*

Today’s platform for global impact is ______.

- **a)** education
- **b)** technology
- **c) business ✓ correct**
- **d)** sustainability

Q4. *[Multiple Choice]*

Entities that produce or sell goods and services for profit are known as ______.

- **a)** economies
- **b)** organizations
- **c) businesses ✓ correct**
- **d)** industries

Q5. *[Multiple Choice]*

A ______ because it is a business that operates in several countries, manages a network of offices or production facilities, and sells products and services to customers all over the world.

- **a)** cooperative
- **b) multinational corporation ✓ correct**
- **c)** growth company
- **d)** nonprofit organization

Q6. *[Multiple Choice]*

The amount of money remaining after selling goods and paying expenses is considered ______.

- **a)** revenue
- **b)** economic value
- **c) profit ✓ correct**
- **d)** pricing

Q7. *[Multiple Choice]*

The positive impact a business can have on society is known as its ______.

- **a)** capital
- **b)** offering
- **c) social value ✓ correct**
- **d)** potential revenue

Q8. *[Multiple Choice]*

A business that increases its annual revenue faster than its competitors is considered a ______.

- **a)** multinational corporation
- **b)** nonprofit organization
- **c) growth company ✓ correct**
- **d)** small business

Q9. *[Multiple Choice]*

Which type of business is owned and operated by its members to meet common economic, social, or cultural needs?

- **a)** microbusiness
- **b) cooperative ✓ correct**
- **c)** nonprofit organization
- **d)** startups

Q10. *[Multiple Choice]*

What is the common acronym used to classify medium–sized businesses?

- **a)** MNC
- **b)** SBA
- **c) SME ✓ correct**
- **d)** BRT

Q11. *[Multiple Choice]*

What analyzes the behavior of individuals, companies, and industries in making decisions concerning the allocation of limited or scarce resources?

- **a) microeconomics ✓ correct**
- **b)** macroeconomics
- **c)** economies of scale
- **d)** economic planning

Q12. *[Multiple Choice]*

Which term refers to the broad economic trends that affect entire economies?

- **a) macroeconomics ✓ correct**
- **b)** microeconomics
- **c)** Inelasticity
- **d)** elasticity

Q13. *[Multiple Choice]*

In which market structure are identical products sold by several small companies, and no individual business has a competitive advantage over another?

- **a)** monopolistic competition
- **b) perfect competition ✓ correct**
- **c)** economies of scale
- **d)** oligopoly

Q14. *[Multiple Choice]*

What are the fundamental economic forces that determine the market prices of goods and services as well as how economic resources are allocated?

- **a)** market structure and production cost
- **b)** macroeconomics and microeconomics
- **c)** marginal costs and marginal revenue
- **d) supply and demand ✓ correct**

Q15. *[Multiple Choice]*

Marginal cost is the cost that ______.

- **a)** may be incurred by choosing one alternative over another
- **b)** is required to produce additional revenue from selling a brand–new product
- **c)** drops when production becomes more efficient
- **d) a business incurs when it produces one additional unit of a product ✓ correct**

Q16. *[Multiple Choice]*

Which economic concept helps businesses evaluate the potential trade–offs when choosing one option over another?

- **a)** economies of scale
- **b) opportunity cost ✓ correct**
- **c)** production value
- **d)** marginal cost

Q17. *[Multiple Choice]*

A business's products and services make up its ______.

- **a) offering ✓ correct**
- **b)** market
- **c)** opportunity cost
- **d)** organizational structure

Q18. *[Multiple Choice]*

What describes the rationale for how a business creates, delivers, and captures value?

- **a)** product offering
- **b) business model ✓ correct**
- **c)** customer segment
- **d)** financial incentive

Q19. *[Multiple Choice]*

From a marketing perspective, what is a "market?"

- **a)** an economic concept
- **b)** a geographic region
- **c) a group of people ✓ correct**
- **d)** a defined industry

Q20. *[Multiple Choice]*

The values and beliefs that define the company's distinct environment are embodied in its ______.

- **a)** organizational structure
- **b) corporate culture ✓ correct**
- **c)** value proposition
- **d)** core strategy

Q21. *[Multiple Choice]*

The personal qualities and social abilities that shape how well someone communicates, collaborates, and solves problems are referred to as ______.

a) soft skills ✓ correct
b) business acumen
c) social value
d) systems thinking

Q22. *[Multiple Choice]*

The processes used to create and deliver a business's products or services are referred to as ______.

a) human resources
b) operations ✓ correct
c) accounting
d) marketing

Q23. *[Multiple Choice]*

What involves the collection and transformation of data to aid decision making?

a) sales forecasts
b) business analytics ✓ correct
c) financial statements
d) key performance indicators

Q24. *[Multiple Choice]*

What is the primary focus of human resources (HR) within a business?

a) ensuring employees understand their role and how performance is measured ✓ correct
b) clarifying the functions of each department and how they relate to one another
c) keeping communication with all areas of operations effectively integrated
d) managing relationships between internal and external stakeholders

Q25. *[Multiple Choice]*

A business's revenue, expenses, profit, assets, and liabilities are reflected in its ______.

a) policies and procedures manual
b) human resources handbook
c) financial statements ✓ correct
d) organizational chart

Q26. *[Multiple Choice]*

For a business to embrace profit and purpose, it must ______.

a) engage in ethical behavior ✓ correct
b) privatize natural resources
c) defend shareholder value
d) protect the status quo

Q27. *[Multiple Choice]*

Any work arrangement that gives an employee more control over when, where, and how they do their job is referred to as ______.

a) remote work
b) flexible work ✓ correct
c) off–site work
d) freelance work

Q28. [Multiple Choice]

What type of thinking recognizes how different elements within a process or organization are connected and how they impact one another over time?

- **a)** creative thinking
- **b) systems thinking ✓ correct**
- **c)** analytical thinking
- **d)** empathetic thinking

Q29. [Multiple Choice]

What type of thinking breaks down complex problems, looks at existing information, draws conclusions, and makes decisions based on data and logic

- **a)** creative thinking
- **b)** systems thinking
- **c) analytical thinking ✓ correct**
- **d)** empathetic thinking

Q30. [Multiple Choice]

The three main components of the gig economy are the ______.

- **a) workers, companies, and consumers ✓ correct**
- **b)** gigs, workers, and recruiters
- **c)** workers, contracts, and consumers
- **d)** contracts, profits, and recruiters

Q31. [Multiple Choice]

Goods providers are the ones who ______ products and services.

- **a) create ✓ correct**
- **b)** consume
- **c)** deliver
- **d)** market

Q32. [Multiple Choice]

Labor providers are the workers who ______.

- **a)** create the product
- **b)** monitor the platform
- **c) perform the job ✓ correct**
- **d)** pay the delivery fee

Q33. [Multiple Choice]

The gig economy benefits consumers who need ______.

- **a)** a side job
- **b) a specific service ✓ correct**
- **c)** quality products
- **d)** closer relationships

Q34. [Multiple Choice]

Which skills are used to build relationships and help you work well with others?

- **a) interpersonal ✓ correct**
- **b)** management
- **c)** self–efficacy
- **d)** cognitive

Q35. *[Multiple Choice]*

What is an individual’s belief in their own ability to take on challenges?

- **a)** personality
- **b)** intelligence
- **c) self–efficacy ✓ correct**
- **d)** empathy

Q36. *[Multiple Choice]*

What is self–awareness?

- **a)** internalizing another person’s feelings, thoughts, and experiences
- **b)** believing in your own ability to take on challenges or certain types of work
- **c) understanding how you see yourself and how that compares to how others see you ✓ correct**
- **d)** recognizing how different parts of a system are connected and influence one another

Q37. *[Multiple Choice]*

In the workplace, technological literacy refers to the ability to ______.

- **a)** create and implement technologies to replace traditional work methods
- **b) confidently use digital tools and adapt to new technologies ✓ correct**
- **c)** understand and explain new technical concepts to others
- **d)** design advanced software systems without support

Q38. *[Multiple Choice]*

Which skill involves the attraction, development, and retention of skilled individuals?

- **a)** conflict mediation
- **b) talent management ✓ correct**
- **c)** active listening
- **d)** empathy

True/False (18)

Q39. *[True/False]*

The term “business” refers to both an organization and an activity.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q40. *[True/False]*

The word “culture” refers to the informal structure of a business.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q41. *[True/False]*

There are three types of business activities: commercial, industrial, and professional.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q42. *[True/False]*
Profit refers to the price of a product or service.

a) True
b) False ✓ correct

Correct answer: False

Q43. *[True/False]*
Small businesses are defined as those that have fewer than 50 employees.

a) True
b) False ✓ correct

Correct answer: False

Q44. *[True/False]*
Multinational corporations house many businesses under one umbrella.

a) True ✓ correct
b) False

Correct answer: True

Q45. *[True/False]*
A startup is a temporary organization.

a) True ✓ correct
b) False

Correct answer: True

Q46. *[True/False]*
Small businesses account for the majority of all jobs created in the United States in the past 25 years.

a) True ✓ correct
b) False

Correct answer: True

Q47. *[True/False]*
Most microbusinesses have zero employees.

a) True ✓ correct
b) False

Correct answer: True

Q48. *[True/False]*
Microeconomics studies broad economic trends that affect the stability, behavior, and performance of entire economies.

a) True
b) False ✓ correct

Correct answer: False

Q49. *[True/False]*
Macroeconomics analyzes the behavior of individuals, companies, and industries in making decisions concerning the allocation of limited or scarce resources.

a) True
b) False ✓ correct

Correct answer: False

Q50. *[True/False]*
In the context of economic resources, “land” refers to all natural resources available to produce goods and services.

a) True ✓ correct
b) False

Correct answer: True

Q51. *[True/False]*
A business model describes how a new business venture creates, delivers, and captures value.

a) True ✓ correct
b) False

Correct answer: True

Q52. *[True/False]*
It is important for those who are not accountants to still understand their business’s financial statements.

a) True ✓ correct
b) False

Correct answer: True

Q53. *[True/False]*
The gig economy is expanding as a viable option for people looking for nonconventional forms of work.

a) True ✓ correct
b) False

Correct answer: True

Q54. *[True/False]*
Today’s workers cannot expect the same job security and financial benefits that prior generations of workers enjoyed.

a) True ✓ correct
b) False

Correct answer: True

Q55. *[True/False]*
AI–powered automation will decrease the need for new workforce skills in technology and problem–solving.

a) True
b) False ✓ correct

Correct answer: False

Q56. *[True/False]*
Critical thinking is a task AI can perform as effectively as humans.

a) True
b) False ✓ correct

Correct answer: False

Medium

Multiple Choice (45)

Q57. *[Multiple Choice]*

Which of the following is true about professional business activity?

a) All businesses, regardless of industry, engage in some kind of professional activity.

b) Professional activity describes the act of buying goods and reselling them

c) The value of professional activity lies in the expertise of highly-trained workers. ✓ correct

d) Only businesses centered around professional activities have the capacity to become MNCs.

Q58. *[Multiple Choice]*

What is the distinction between a business and an organization?

a) Businesses are smaller than organizations and do not aim to have a positive social impact.

b) Businesses sell products and goods, while organizations work to achieve goals. ✓ correct

c) Unlike businesses, organizations primarily employ those with advanced degrees.

d) Organizations produce revenue and profit, unlike businesses.

Q59. *[Multiple Choice]*

Which type of entity is exempt from paying taxes?

a) cooperative

b) growth company

c) multinational corporation

d) nonprofit organization ✓ correct

Q60. *[Multiple Choice]*

In nonprofit organizations, there is an expectation that any profit will be ______.

a) returned to consumers

b) provided to employees

c) reinvested in the business ✓ correct

d) gifted to the leadership team

Q61. *[Multiple Choice]*

Charities are examples of ______.

a) nonprofit organizations ✓ correct

b) growth companies

c) multinational corporations

d) startups businesses

Q62. *[Multiple Choice]*

How do startups differ from micro businesses?

a) Micro businesses have established business models, while startups are newly formed. ✓ correct

b) Micro businesses focus on professional services, while startups manufacture goods.

c) Startups address social issues, while micro businesses prioritize revenue.

d) Startups are owner operated, while micro businesses are publicly traded.

Q63. *[Multiple Choice]*

Which of the following is true about small businesses?

a) A business is considered a small business if it has up to 1000 employees.

b) Multinational corporations create more jobs in the U.S. than small businesses.

c) Small businesses make up the majority of U.S. businesses. ✓ correct

d) All small businesses grow rapidly into large corporations.

Q64. *[Multiple Choice]*

Why is understanding microeconomics important for a small business owner when deciding whether to offer a new product?

- **a) It helps them evaluate how to use resources efficiently and weigh opportunity costs. ✓ correct**
- **b)** It helps them determine how international trade agreements might impact pricing.
- **c)** It provides insights into tax regulations that affect international markets.
- **d)** It allows them to predict long-term shifts in economic conditions.

Q65. *[Multiple Choice]*

How do capital and labor work together to increase a business's productivity?

- **a)** Capital provides financial investment while labor sets strategy.
- **b)** Capital increases or decreases the funds allocated to labor.
- **c) Labor uses capital to perform tasks more efficiently. ✓ correct**
- **d)** Labor trains capital to adapt to new markets.

Q66. *[Multiple Choice]*

Which economic resource would be considered a capital resource?

- **a)** planted crops
- **b) storage facility ✓ correct**
- **c)** undeveloped land
- **d)** natural gas deposit

Q67. *[Multiple Choice]*

Why is labor considered an important economic resource?

- **a) It supplies the effort needed to produce goods and services. ✓ correct**
- **b)** It combines natural and human–made resources for profit.
- **c)** It comprises the tools and machines used in production.
- **d)** It includes the raw materials for production.

Q68. *[Multiple Choice]*

How are the types of economic resources related?

- **a)** Labor, capital, and land are interdependent but are less relevant to entrepreneurship.
- **b)** Land resources drive economic growth more than entrepreneurship, capital or labor.
- **c) Many entrepreneurs combine land, labor, and capital to produce goods. ✓ correct**
- **d)** Capital resources can replace entrepreneurship but not labor or land.

Q69. *[Multiple Choice]*

Why are consumers more likely to pay higher prices in an oligopoly than in a perfectly competitive market?

- **a) A small number of firms influence pricing decisions in oligopolies. ✓ correct**
- **b)** The lack of innovation lowers prices in perfectly competitive markets.
- **c)** Consumers lack access to product information in an oligopoly
- **d)** Price fixing is allowed in perfectly competitive markets.

Q70. *[Multiple Choice]*

Why is understanding price elasticity important for businesses?

- **a)** It helps businesses determine which natural resources are in short supply.
- **b) It helps businesses predict how consumers will react to price changes. ✓ correct**
- **c)** It allows businesses to forecast inflation and unemployment rates.
- **d)** It shows businesses how to create new markets for their goods

Q71. [Multiple Choice]

What best explains why a 55–inch 4K TV that once cost $6,000 now sells for $350?

- **a) Increased efficiency and competition has caused supply to exceed demand. ✓ correct**
- **b)** Price gouging and tariffs on Chinese imports have caused demand to decrease.
- **c)** Supply has decreased along with demand, resulting in higher opportunity costs
- **d)** Demand has gradually become inelastic, but supply has remained unchanged.

Q72. [Multiple Choice]

A company should produce additional units of a product if ______.

- **a) marginal revenue is greater than marginal cost ✓ correct**
- **b)** marginal cost exceeds marginal revenue
- **c)** total revenue is higher than total cost
- **d)** total production costs are fixed

Q73. [Multiple Choice]

How does the consideration of opportunity cost support more efficient resource allocation?

- **a) It helps businesses select the option with the greatest overall benefit. ✓ correct**
- **b)** It ensures businesses will avoid potential losses when making decisions.
- **c)** It encourages businesses to focus on low–cost production methods.
- **d)** It ensures that businesses will choose the most profitable product.

Q74. [Multiple Choice]

Why is it important that a company's products and service offerings align with its business model?

- **a) to ensure that the value created can be effectively delivered and monetized ✓ correct**
- **b)** to avoid offering an overly complicated combination of products and services
- **c)** to eliminate the need for extensive customer research and feedback
- **d)** to reduce the costs associated with manufacturing products

Q75. [Multiple Choice]

A business must consider both the value of its offering and how it delivers that offering to customers because ______.

- **a) value creation alone is not enough if customers cannot access or use the offering ✓ correct**
- **b)** the method of delivery is a major factor in quantifying the value created by the offering
- **c)** customers care more about convenience than product quality or price
- **d)** the offering's utility must align with its perceived value

Q76. [Multiple Choice]

How does organizational structure support a company's mission?

- **a)** Structure ensures all employees are aware of and promote the company's goals and uphold company culture.
- **b) Structure outlines reporting relationships and workflows to achieve the organization's purpose. ✓ correct**
- **c)** Structure simplifies the creation and implementation of strategy by outlining company hierarchy.
- **d)** Structure enables the company to focus its efforts on value creation instead of internal conflict.

Q77. [Multiple Choice]

Why is it important for a business to identify a target market?

- **a)** It maximizes the benefit of financial planning and forecasting.
- **b) It helps tailor offerings to customers' needs and preferences. ✓ correct**
- **c)** It prevents overreliance on the judgment of sales teams.
- **d)** It boosts repeat purchases through discounts and deals.

Q78. *[Multiple Choice]*

The main role of marketing and sales within a business is to ______.

- **a)** research the competition's operations and strategies
- **b)** build brand recognition and identify potential investors
- **c) attract and sell products and services to customers ✓ correct**
- **d)** oversee compliance with consumer protection regulations

Q79. *[Multiple Choice]*

Clear communication creates a positive workplace culture because it ______.

- **a)** eliminates the need for employee performance evaluations
- **b)** encourages responsible use of social media during working hours
- **c)** allows managers to identify, delegate, and execute tasks effectively
- **d) helps employees feel valued, informed, and aligned with expectations ✓ correct**

Q80. *[Multiple Choice]*

How do leadership and management roles differ in a business setting?

- **a)** Leadership focuses on strategy while management handles training and performance.
- **b) Leadership is about motivating people while management is about executing tasks. ✓ correct**
- **c)** Management is essential to startups while established businesses require leadership.
- **d)** Management and leadership are interchangeable terms that describe the same roles.

Q81. *[Multiple Choice]*

The U.S. Business Roundtable (BRT) is a nonprofit association comprised of CEOs from major companies that represent ______.

- **a)** nations that are major trading partners
- **b) every sector of the economy ✓ correct**
- **c)** pioneers in sustainability
- **d)** underdeveloped regions

Q82. *[Multiple Choice]*

Businesses that embrace "profit and purpose" aim to be ______.

- **a)** fiscally responsible and well organized
- **b)** dominant in their industries and politically active
- **c) financially successful and socially responsible ✓ correct**
- **d)** engaged in philanthropy and well–liked by the public

Q83. *[Multiple Choice]*

What viewpoint was emphasized in the 2019 Business Roundtable (BRT) statement regarding the purpose of business?

- **a)** Businesses should work to minimize regulations and maximize global expansion.
- **b) Businesses have a responsibility to all stakeholders, not just shareholders. ✓ correct**
- **c)** Businesses should outsource operations to support countries with lower wages.
- **d)** Businesses should prioritize social issues to the detriment of shareholder interests

Q84. *[Multiple Choice]*

The primary goal of ethical behavior in business is to______.

- **a)** avoid legal fees and penalties
- **b)** prioritize profits above compassion
- **c) act with integrity and treat others fairly ✓ correct**
- **d)** satisfy stakeholders with greenwashing strategies

Q85. *[Multiple Choice]*

Why is entrepreneurial thinking valuable in a business setting?

- **a)** It reduces the need for routine training and development programs
- **b) It helps identify opportunities and navigate uncertainty. ✓ correct**
- **c)** It encourages employees to follow efficient routines.
- **d)** It ensures the best executives make decisions.

Q86. *[Multiple Choice]*

Which of the following scenarios represents a business balancing profit and purpose by engaging in ethical behavior?

- **a)** only hiring employees who have achieved a certain level of education
- **b) correcting an unfair wage gap between male and female employees ✓ correct**
- **c)** hiring suppliers who use child labor to keep offering low–cost products to consumers
- **d)** encouraging employees to take risks and supporting them when they fail

Q87. *[Multiple Choice]*

What does upholding the foundational principle of ethical behavior help businesses increase?

- **a)** competition in the market
- **b) trust with stakeholders ✓ correct**
- **c)** decision–making skills
- **d)** revenues and profits

Q88. *[Multiple Choice]*

Why is it important that businesses “stand for something” beyond making money?

- **a) Most consumers expect businesses to practice social responsibility. ✓ correct**
- **b)** Activist businesses qualify for government subsidies and tax breaks.
- **c)** Customers like businesses whose political views align with their own
- **d)** Climate change will impact profits if they don’t do something about it.

Q89. *[Multiple Choice]*

Why is it predicted that nearly half of workers’ skills will soon be disrupted?

- **a)** Scientists anticipate that another pandemic like COVID–19 will likely occur
- **b)** The majority of the Baby Boom generation will have left the workforce.
- **c) Technology is moving faster than employees are being trained. ✓ correct**
- **d)** Artificial intelligence will replace humans in most roles.

Q90. *[Multiple Choice]*

What is the relationship between machine learning and AI?

- **a)** AI is a refined type of machine learning.
- **b)** AI and machine learning are separate fields within engineering.
- **c)** Machine learning refers to the mechanical assembly of AI parts and devices.
- **d) Machine learning is a type of AI that enables computers to improve themselves. ✓ correct**

Q91. *[Multiple Choice]*

What does the rapid increase in AI investment (projected to reach $200 billion by 2025) suggest about the direction of the global economy?

- **a) It indicates a major shift toward automation and machine–driven innovation. ✓ correct**
- **b)** It reflects a temporary tech trend that will decline in the next decade.
- **c)** It signals a global transition toward manual labor industries.
- **d)** It confirms that AI will primarily impact tech companies.

Q92. *[Multiple Choice]*

What does it mean when a job is described as “displaced” by AI?

- **a)** It is removed from the economy.
- **b)** It is conducted remotely through outsourcing.
- **c)** It is automated and moved to a different location
- **d) It is affected by AI but not necessarily eliminated. ✓ correct**

Q93. *[Multiple Choice]*

Why do today’s businesses need to invest in upskilling and reskilling their workforce?

- **a)** to prepare employees for leadership positions in global markets
- **b) to help employees adapt as AI changes how work is done ✓ correct**
- **c)** to replace outdated machinery with more efficient systems
- **d)** to eliminate human error from work processes

Q94. *[Multiple Choice]*

Why do AI tools still require skilled human users?

- **a)** AI tools rely on humans to summarize large quantities of data before it can process them.
- **b)** AI tools replace human reasoning with data and quantitative analysis.
- **c)** AI tools cannot operate without constant reprogramming and updating.
- **d) AI tools need human expertise to interpret results and ensure quality. ✓ correct**

Q95. *[Multiple Choice]*

What is the relationship between analytical, creative, and systems thinking?

- **a)** Systems and analytical thinking are synonyms, and creative thinking is their opposite.
- **b)** The types of thinking are independent of each other.
- **c)** Creative thinking is a prerequisite for analytical and systems thinking.
- **d) Analytical thinking and creative thinking support systems thinking. ✓ correct**

Q96. *[Multiple Choice]*

Which component of the gig economy would a freelance graphic designer be?

- **a) labor provider ✓ correct**
- **b)** good provider
- **c)** company
- **d)** consumer

Q97. *[Multiple Choice]*

Which of the following is an example of flexible work?

- **a)** a manufacturing company that allows factory workers to choose their own shift times
- **b)** a university that allows professors to take 10 sick days per year
- **c) a consulting firm that allows employees to work remotely 3 days a week ✓ correct**
- **d)** a tech startup that requires employees to be in the office from 9 to 5 every day

Q98. *[Multiple Choice]*

Workers in the gig economy ______.

- **a)** are more focused upon performance than credentials
- **b) piece together a series of temporary contracts as their work experience ✓ correct**
- **c)** jump from company to company because they have poor work ethic
- **d)** let jobs choose them instead of them choosing their jobs

Q99. [Multiple Choice]

Which of the following situations is an example of the use of generative AI?

- **a)** grocery stores replacing cashiers with AI–powered self–checkout machines
- **b) a magazine publisher using AI to create visual components to accompany an article ✓ correct**
- **c)** a lawyer using AI to summarize a large body of cases
- **d)** a hospital using AI to analyze patient symptoms and provide potential diagnoses

Q100. [Multiple Choice]

Why is system thinking essential for solving modern business problems?

- **a)** It ensures each department operates effectively within its defined scope of influence
- **b) It helps identify how different parts of a business influence each other over time. ✓ correct**
- **c)** It focuses on big–picture performance metrics when diagnosing business problems.
- **d)** It narrows the scope of decision–making to a company's financial data.

Q101. [Multiple Choice]

How do curiosity, resilience, and self–awareness contribute to self–efficacy?

- **a)** They help individuals overcome challenges by focusing on proven methods.
- **b)** They allow people to reach out and depend on others when facing setbacks.
- **c) They strengthen a person's belief in their ability to adapt and learn. ✓ correct**
- **d)** They reduce the need for reflection and reassessment after a failure.

True/False (32)

Q102. [True/False]

Today's world needs people who can think and act like entrepreneurs.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q103. [True/False]

The key distinction between a business and an organization is that a business focuses on selling and producing goods or services.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q104. [True/False]

In economic terms, entrepreneurship relates to using capital to increase the efficiency of production, leading to enhanced productivity and growth.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q105. [True/False]

In an oligopoly, companies must sell their products at the same market price because of the high level of competition.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q106. *[True/False]*

The key distinction between monopolistic competition and an oligopoly is the number of firms involved.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q107. *[True/False]*

When demand for a product increases and supply stays the same, the price increases.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q108. *[True/False]*

If raising the price of a product causes a large drop in sales, the product is considered inelastic.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q109. *[True/False]*

A business should continue producing additional units as long as marginal revenue is greater than marginal cost.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q110. *[True/False]*

Economies of scale occur when producing more units increases the cost per unit.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q111. *[True/False]*

Opportunity cost refers to the impact of slow decision making.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q112. *[True/False]*

A business chooses to expand its delivery service instead of launching a new product line. The profit it could have made from the product line is considered the opportunity cost.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q113. *[True/False]*

Organizational culture directs the flow of work within a business.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q114. *[True/False]*

A business can offer either a product or a service, but not both.

a) True

b) False ✓ correct

Correct answer: False

Q115. *[True/False]*

From a marketing perspective, a market is defined as a broad, economy–wide system of buyers and sellers.

a) True

b) False ✓ correct

Correct answer: False

Q116. *[True/False]*

A company’s organizational structure determines its values, beliefs, and purpose.

a) True

b) False ✓ correct

Correct answer: False

Q117. *[True/False]*

Encouraging employees to share new ideas and tolerating failure are two ways businesses can use culture to support its strategy

a) True ✓ correct

b) False

Correct answer: True

Q118. *[True/False]*

Leadership and management are interchangeable concepts that refer to the same set of skills and responsibilities.

a) True

b) False ✓ correct

Correct answer: False

Q119. *[True/False]*

A small business should avoid outsourcing HR functions due to the legal and regulatory complexities involved.

a) True

b) False ✓ correct

Correct answer: False

Q120. *[True/False]*

A business that regularly evaluates its supply chain performance to identify inefficiencies and make adjustments is employing business analytics to make more effective, data–based decisions.

a) True ✓ correct

b) False

Correct answer: True

Q121. *[True/False]*

A company that does not track expenses or monitor financial reports can still accurately assess its overall performance.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q122. *[True/False]*

Top organizations today balance profit with positive social and environmental impact.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q123. *[True/False]*

Ethical behavior emphasizes profits and shareholder value in decisions and actions.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q124. *[True/False]*

Entrepreneurial thinking is only relevant for people who plan to start their own businesses.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q125. *[True/False]*

Businesses can’t be financially successful if they focus on social and environmental goals

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q126. *[True/False]*

Three foundational principles—impact, entrepreneurial thinking, and ethics—guide businesses’ implementation of a purpose–driven, profit–conscious strategy.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q127. *[True/False]*

Ethical behavior means businesses can focus on maximizing profits, as long as they follow the applicable laws and regulations

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q128. *[True/False]*

A company that shows concern for social or environmental issues risks losing stakeholder trust.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q129. *[True/False]*

The impact of new technology on the workforce is over exaggerated because training has been able to keep pace with technological advances.

a) True

b) False ✓ correct

Correct answer: False

Q130. *[True/False]*

Getting an entry level job, climbing the corporate ladder, and then retiring is a career path that is becoming obsolete.

a) True ✓ correct

b) False

Correct answer: True

Q131. *[True/False]*

The concept of a “career” is becoming outdated because many in the workforce today subsist on a series of temporary work engagements.

a) True ✓ correct

b) False

Correct answer: True

Q132. *[True/False]*

Gig workers do not receive employer–provided health insurance or other benefits.

a) True ✓ correct

b) False

Correct answer: True

Q133. *[True/False]*

For AI to be used effectively in decision making, it requires human users with the right skills, expertise, and knowledge to evaluate the quality and accuracy of the information AI provides.

a) True ✓ correct

b) False

Correct answer: True

Essay (9)

Q134. *[Essay]*

What are the three types of business activities and how are they interrelated?

> ***Suggested answer:*** *Sample response: The three types of business activities, commercial, industrial, and professional, work together to create and deliver value. For example, a company may rely on industrial businesses to manufacture products, commercial businesses to sell those products, and professional services (like legal or marketing) to support operations. Each activity plays a distinct role, but all are essential parts of the overall business process.*

Q135. *[Essay]*

What does “generating value” mean in the context of a business’ goals?

> ***Suggested answer:*** *Sample response: Creating value means that businesses should generate both economic and social benefits. Economic value involves making a profit by earning more than the business spends, while social value refers to the positive impact the business has on society, such as promoting diversity and protecting the environment. A successful business aims to do both.*

Q136. *[Essay]*

At what point is a startup no longer a startup?

> ***Suggested answer:*** *Sample response: A startup is no longer a startup when it finds a scalable, sustainable business model and begins operating like a stable, established company. According to Steve Blank's definition, a startup is a temporary organization, so once it achieves consistent growth and profitability, it transitions out of the startup phase. At that point, it becomes a regular business focused on execution rather than experimentation.*

Q137. *[Essay]*

What distinguishes businesses from organizations?

> ***Suggested answer:*** *Sample response: Though people use the terms business and organization interchangeably, there is a difference between the two. A business focuses on producing and selling goods, while an organization is a group of people formed and structured so they can achieve goals. Organizations may engage in some business tasks and activities to meet organizational objectives, but they are not necessarily focused on producing or selling goods like businesses are.*

Q138. *[Essay]*

What is the difference between microeconomics and macroeconomics and why is it important for businesses to consider both?

> ***Suggested answer:*** *Sample response: Microeconomics focuses on the decisions of individuals, businesses, and industries in using limited resources, while macroeconomics looks at broader trends affecting entire economies. Businesses need to consider both because microeconomics helps them make daily decisions like pricing and production, while macroeconomics helps them prepare for larger trends like inflation, unemployment, or changes in the global economy that can impact long-term success.*

Q139. *[Essay]*

What does it mean when businesses differentiate their offerings at both the product and the organizational levels?

> ***Suggested answer:*** *Sample response: When businesses differentiate their offerings at the product level, they make an effort to advertise how their products or services have features that other products do not have. Differentiation at the organizational level is similar but reflects what makes the company unique—its values and foci as a whole—instead of emphasizing the merits of just their products and services.*

Q140. *[Essay]*

How do organizational structure and organizational culture differ?

> ***Suggested answer:*** *Sample response: Organizational structure determines the flow of work and outlines how tasks are directed in order to achieve organizational goals. Organizational culture is more abstract and relates to the values and beliefs that make the business environment unique.*

Q141. *[Essay]*

How do stakeholders and shareholders differ?

> ***Suggested answer:*** *Sample response: Stakeholders are people who have an interest in or are affected by a business. Shareholders are stakeholders who own actual shares of stock within the organization; their interest is primarily financial.*

Q142. *[Essay]*

How are the three foundational principles—environmental and social impact, entrepreneurial thinking, and ethical behavior—interconnected in supporting a purpose–driven business?

> ***Suggested answer:*** *Sample response: The three principles work together to help businesses balance purpose and profit. Environmental and social impact drives meaningful change, entrepreneurial thinking brings bold ideas to life, and ethical behavior builds trust. Together, they guide businesses to make responsible, innovative, and sustainable decisions.*

Hard

Multiple Choice (37)

Q143. *[Multiple Choice]*
Tatiana’s small business sells homemade crafts and household items. What type of business activity is this?

a) commercial ✓ correct
b) industrial
c) professional
d) marketing

Q144. *[Multiple Choice]*
Howie owns a factory that manufactures car parts for General Motors. What type of business activity is this?

a) commercial
b) industrial ✓ correct
c) professional
d) marketing

Q145. *[Multiple Choice]*
Downtown Coats is a new company that sells winter coats made with synthetic down filling. Each coat sells for $125 but costs $50 to manufacture. What is the profit made on each coat?

a) $125
b) $50
c) $75 ✓ correct
d) $175

Q146. *[Multiple Choice]*
Keisha started a new business in the Brooklyn area that picks up, washes, dries, and delivers laundry to busy adults who do not have time to wash their own clothes. Because this business has no operational history and was designed to solve a problem, it is considered a ______.

a) corporation
b) small business
c) growth company
d) startup ✓ correct

Q147. *[Multiple Choice]*
A retailer is a multi–billion–dollar company that has operations in several countries and sells its products to customers all over the world, which means it is a______.

a) small business
b) growth company
c) multinational corporation ✓ correct
d) startup business

Q148. *[Multiple Choice]*
Julie has her own store on eBay, where she sells vintage concert memorabilia to individuals all over the globe. What type of business does Julie operate?

a) multinational corporation
b) microbusiness ✓ correct
c) cooperative
d) startup

Q149. *[Multiple Choice]*

Maria lives in a rural town where access to affordable childcare is limited. She and a group of local parents decide to form a business together that allows them to pool their funds, share childcare responsibilities, and make decisions collectively about how the center operates. What type of business are they forming?

- **a)** multinational corporation
- **b)** small business
- **c) cooperative ✓ correct**
- **d)** startup

Q150. *[Multiple Choice]*

Cupcake Co., a local bakery, has limited kitchen space and staff. The owner is considering introducing a new line of vegan cupcakes, but is concerned that it would reduce the time and space available for making their best–selling chocolate chip cookies. Which microeconomic concept is most relevant to the owner's decision?

- **a)** economies of scale
- **b)** supply and demand
- **c) opportunity cost ✓ correct**
- **d)** market structure

Q151. *[Multiple Choice]*

Sustaina bottles LLC, a manufacturer of eco–friendly water bottles, invests in solar panels to power its production facility. What type of economic resource are the solar panels?

- **a)** land
- **b)** labor
- **c) capital ✓ correct**
- **d)** entrepreneurship

Q152. *[Multiple Choice]*

Yamina is a fashion designer. She starts her own business creating custom pieces using recycled fabrics she collects from thrift stores. She hires local tailors and sells her products online. Which of her economic resources is an example of capital?

- **a)** the tailors she hires
- **b)** her own work efforts
- **c) the recycled fabrics ✓ correct**
- **d)** her design ideas

Q153. *[Multiple Choice]*

A luxury shoe company notices a sharp drop in sales after increasing its prices by 15%. What could the company conclude about the price elasticity of its product?

- **a) The product has elastic demand because consumer demand changed with price. ✓ correct**
- **b)** The supply of the product is inelastic and has exceeded demand permanently.
- **c)** The product has inelastic demand because demand didn't respond to price
- **d)** The product has reached price equilibrium and maximum elasticity.

Q154. *[Multiple Choice]*

Sip Savers Inc., a startup producing reusable water bottles, notices that when production increases from 100 to 1,000 units, the cost per unit drops from $6 to $4, and the sale price remains $15.What economic principle does this illustrate?

- **a)** marginal cost
- **b)** price elasticity
- **c) economies of scale ✓ correct**
- **d)** supply and demand

Q155. *[Multiple Choice]*

Tina operates a small business that sells replicas of vintage concert posters. She considers increasing the production of her most popular print from 500 to 501 posters. The cost of producing one more poster is $6, and each poster sells for $5. What should Tina do?

- **a)** Decrease production to avoid further reduction of already low marginal revenue.
- **b)** Return to former production levels to reduce marginal cost and stimulate marginal revenue.
- **c)** Increase production because the increase in marginal revenue justifies the marginal cost.
- **d) Maintain current production because the increased marginal cost exceeds marginal revenue. ✓ correct**

Q156. *[Multiple Choice]*

Healthy Snax & Supps is a retail chain that offers various nutrition products. Management is deciding whether to open a new store location or invest in an online platform. The new store is projected to earn $75,000 in annual profit, and the online platform is projected to earn $50,000. What is the opportunity cost of choosing the store?

- **a)** $125,000
- **b)** $75,000
- **c) $50,000 ✓ correct**
- **d)** $25,000

Q157. *[Multiple Choice]*

Selena operates a bakery. She has a limited amount of flour and can either use it to bake 300 loaves of bread or 150 cakes. The profit from the bread would be $600 and the profit from the cakes would be $750. Which statement accurately reflects the opportunity cost of choosing to bake the bread?

- **a)** The opportunity cost is $600, which represents the profit earned from the bread.
- **b)** The opportunity cost is $0 because the bakery already owns the flour needed for both options.
- **c) The opportunity cost is $750, which is the profit that could have been earned from the cakes. ✓ correct**
- **d)** The opportunity cost is $1350 because both options require resources, regardless of which is chosen.

Q158. *[Multiple Choice]*

Afton wants to start a new business selling clothing. As part of her planning, she researches how businesses compete with one another in the retail clothing industry. In other words, she is researching ______.

- **a)** the local business culture
- **b) the competitive environment ✓ correct**
- **c)** her marketing strategy
- **d)** her organizational structure

Q159. *[Multiple Choice]*

When one of the designers at Aptiva International comes up with a new product idea, they are responsible for sketching an image of the product and outlining its key features. The product idea is then sent to designers, who determine whether the product is feasible to build. Finally, the product is approved or denied by the financial sector within the company. This flow of work reflects Aptiva's ______.

- **a)** culture
- **b)** growth activities
- **c)** productivity channels
- **d) organizational structure ✓ correct**

Q160. *[Multiple Choice]*

A startup wants to reduce food packaging waste by offering reusable containers for takeout orders from its restaurant. How does this idea reflect the product and service offering building block of a business?

- **a)** It focuses on selling a product that will turn a profit.
- **b)** It provides a service that proactively meets a customer need.
- **c) It combines a product and service to solve an environmental problem. ✓ correct**
- **d)** It provides an innovative solution that will disrupt the food industry.

Q161. *[Multiple Choice]*

A company's employees get along well with one another, hold similar beliefs about their work, and focus on implementing the company's core values in all the work they do. However, sometimes tasks are dropped because work processes aren't clearly defined, and employees aren't sure who they should report workplace concerns and issues to. What is true about this company?

- **a)** The managers don't have a clear picture of the competitive environment.
- **b)** The employees lack soft skills.
- **c) The company lacks a clear organizational structure. ✓ correct**
- **d)** The company's corporate culture is weak

Q162. *[Multiple Choice]*

A new skincare company wants to reach eco–conscious consumers. What should be its first step?

- **a)** identify and evaluate local competitors' operations and their sales and marketing practices
- **b) define eco–conscious consumers as the target market and study their preferences ✓ correct**
- **c)** research eco–friendly initiatives in the cosmetics industry and create a strategy
- **d)** brainstorm how to reduce prices in order to appeal to the largest audience

Q163. *[Multiple Choice]*

Healthy Homes Inc. is a small business offering a line of environmentally friendly cleaning products. It has just added a new line of laundry products and launched a successful online campaign through social media and word–of–mouth to promote it to environmentally conscious buyers. Why is Healthy Homes' strategy effective?

- **a)** It employs cost–effective methods to promote a product with universal appeal.
- **b) It uses accessible channels to reach a specific target market. ✓ correct**
- **c)** It relies on real–time collection of data related to product efficacy
- **d)** It leverages social media to reach as many potential customers as possible.

Q164. *[Multiple Choice]*

Shoozie's Corp. is a company known for setting footwear trends. The company recently experienced a change in leadership and is struggling with low morale and high employee turnover. Exit interviews reveal that employees don't understand their roles and feel that their contributions aren't valued. Which action should the company focus take?

- **a)** revamp the organizational structure
- **b) provide training to encourage clear communication ✓ correct**
- **c)** offer a larger variety of employee benefits
- **d)** adjust the corporate culture to prioritize collaboration

Q165. *[Multiple Choice]*

Fast & Furry-us LLC, a pet supplies delivery service, is trying to improve performance and competitiveness. How can data analytics help?

- **a) identifying customer ordering patterns and delivery delays to improve efficiency ✓ correct**
- **b)** focusing on boosting creativity and innovation to improve internal processes
- **c)** eliminating financial reporting and budgeting tools to improve transparency
- **d)** automating basic employee roles and tasks to reduce staffing needs

Q166. *[Multiple Choice]*

Tomas has a thriving food truck business that impacts many people, including consumers, employees, resource suppliers, and the surrounding community. These people are known as ______.

- **a) stakeholders ✓ correct**
- **b)** customers
- **c)** shareholders
- **d)** resources

Q167. *[Multiple Choice]*

A small jewelry business takes off and becomes a corporation after a few years. It sells shares of stock to certain individuals and organizations. These individuals and organizations are considered ______.

- **a)** licensees
- **b)** customers
- **c) shareholders ✓ correct**
- **d)** owners

Q168. *[Multiple Choice]*

All About Aviation Inc. (AAA) is a company that specializes in micro replicas of vintage airplanes. AAA launches a new hiring program focused on bringing in candidates from underserved communities and provides them with mentorship and career support. Which foundational principle does this most reflect?

- **a)** ethical behavior
- **b)** entrepreneurial thinking
- **c)** stakeholder engagement
- **d) environmental and social impact ✓ correct**

Q169. *[Multiple Choice]*

Arjun is a product developer at Nova Med Solutions, a mid–sized healthcare technology firm. He proposes a bold new app that uses AI to assist rural patients with post–surgery recovery. The concept hasn't been tested in the market, but Arjun persuades leadership to support a pilot program, despite uncertain outcomes. Which foundational principle is Arjun most demonstrating?

- **a)** environmental and social impact
- **b) entrepreneurial thinking ✓ correct**
- **c)** shareholder value
- **d)** ethical behavior

Q170. *[Multiple Choice]*

AU.S.–based clothing brand discovers that one of its overseas suppliers uses forced labor. The CFO advises ending the contract, even though it will increase production costs. The leadership team agrees and begins searching for a certified ethical supplier. Which foundational principle is guiding this decision?

- **a)** environmental impact
- **b)** entrepreneurial thinking
- **c)** shareholder value
- **d) ethical behavior ✓ correct**

Q171. *[Multiple Choice]*

Maya is the CEO of Harvest Loop Co., a sustainable agriculture startup in Oregon. The company partners with local farmers to convert unused produce into affordable meal kits for food–insecure families. In addition to reducing food waste, the program provides nutrition education through community workshops. Which foundational principle is Maya applying?

- **a) environmental and social impact ✓ correct**
- **b)** entrepreneurial thinking
- **c)** shareholder value
- **d)** ethical behavior

Q172. *[Multiple Choice]*

Jevon manages a logistics company that recently adopted an AI–based warehouse system to sort and track inventory. While the system improves speed and efficiency, Jevon notices most staff are unsure how to interact with the new tools. What is Jevon's best long–term solution?

- **a)** redistribute employees who are not proficient with AI
- **b)** reduce the workforce and focus entirely on automation
- **c) provide targeted training to help staff build new technical skills ✓ correct**
- **d)** assign all AI–related tasks to individuals whose skills are already proficient

Q173. *[Multiple Choice]*

Dr. Lenz manages a team at a major hospital that recently adopted an AI system to assist in diagnosing patients. While the AI system can analyze data quickly, Dr. Lenz notices some junior staff are relying on it without double–checking its suggestions. What should Dr. Lenz do to ensure better decision making?

- **a)** disable the AI system because the risk of misdiagnosis and user dependence outweighs the efficiency gains
- **b) provide training that reinforces the role of critical thinking and clinical judgment when using AI ✓ correct**
- **c)** encourage staff to use the AI system because its knowledge far exceeds that of new doctors
- **d)** engage the services of an outside service to review all AI–assisted diagnoses

Q174. *[Multiple Choice]*

Sam runs an online store where he sells handmade candles and bath products. He creates each item himself and fulfills all customer orders. In the gig economy, what type of worker is Sam?

- **a)** platform operator
- **b)** labor provider
- **c) goods provider ✓ correct**
- **d)** freelance contractor

Q175. *[Multiple Choice]*

Elijah, a marketing manager, reviews customer data and finds that younger buyers prefer interactive content. He interprets the data, then pitches a new campaign using augmented reality product demos. What combination of cognitive skills is Elijah applying?

- **a)** systems and analytical thinking
- **b) analytical and creative thinking ✓ correct**
- **c)** creative and systems thinking
- **d)** analytical and empathetic thinking

Q176. *[Multiple Choice]*

Jamal leads a product development team that just received harsh feedback on a failed prototype. Rather than assigning blame, he invites the team to share their frustrations and listens without interrupting. He acknowledges the pressure they're under and reminds them of their strengths before introducing a new plan. Jamal's actions demonstrate which skills?

- **a)** management, creative thinking, and delegation
- **b)** self–awareness, analysis, and strategic thinking
- **c) empathy, active listening, and leadership ✓ correct**
- **d)** systems thinking, self–efficacy, and judgment

Q177. *[Multiple Choice]*

Georgiana, a department head at a nonprofit, notices low morale among her staff. She meets with team members individually to understand their concerns, shares her own experiences with burnout, and encourages peer support groups. What is the most accurate description of Georgiana's leadership approach?

- **a)** controlling and results–driven
- **b) influential and empathetic ✓ correct**
- **c)** reserved and data–focused
- **d)** assertive and hierarchical

Q178. *[Multiple Choice]*

Malia is a business consultant working with a retail company. She uses software to process customer reviews, social media engagement, and sales performance. After identifying a decline in online sales tied to poor mobile app ratings, she recommends design updates that lead to higher customer satisfaction and increased sales. What skill is Malia demonstrating?

- **a)** emotional intelligence
- **b) big data analysis ✓ correct**
- **c)** sales forecasting
- **d)** recordkeeping

Q179. *[Multiple Choice]*

Abel, an HR manager, notices that automation may soon reduce the need for certain support roles. To prepare his employees, he introduces cross–training programs and encourages them to take on short–term projects in other departments. What aspect of talent management is Abel demonstrating?

- **a)** employee compliance training
- **b) upskilling and reskilling ✓ correct**
- **c)** workforce restructuring
- **d)** task delegation

True/False (5)

Q180. *[True/False]*

Derian designs a new product but has no plan for how to reach customers or generate revenue. Derian has a complete product offering.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q181. *[True/False]*

A company that targets fitness enthusiasts and advertises through workout apps and gym partnerships is aligning its sales approach with its target market.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q182. *[True/False]*

A manufacturer of computer parts refuses to work with a supplier that mistreats its workers, even though its parts are cheaper than those other suppliers offer. This is an example of ethical behavior.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q183. *[True/False]*

A fast–fashion retailer creates a textile recycling program to reduce waste that they plan to roll out in four phases. A implementing Phases 1 and 2, management realizes that the program is increasing costs, so they decide not to implement Phases 3 and 4. They have successfully upheld the principle of environmental and social impact because they are allowed to prioritize profits over sustainability.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q184. *[True/False]*

Britta, an IT manager, creates and launches a new, untested, training system to help employees use AI tools. This shows entrepreneurial thinking.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Essay (16)

Q185. *[Essay]*

Denim Dreams Corp is a clothing manufacturer headquartered in the United States. It has factories in three different countries and sells products globally. The company recently launched an initiative to reduce carbon emissions in its supply chain. What type of business is this and why might its environmental efforts matter?

> ***Suggested answer:*** *Sample response: This is a multinational corporation because it operates in multiple countries and sells globally. Its environmental efforts matter because, due to its size and influence, the changes it makes can impact suppliers, consumers, and global sustainability efforts.*

Q186. *[Essay]*

Taylor is opening a smoothie shop near a college campus. She rents a small storefront, hires two part–time employees, purchases a blender and refrigerator, and uses fresh fruit from a local farm. Which types of economic resources is Taylor using, and how do they work together?

> ***Suggested answer:*** *Sample response: Taylor is using all four types of economic resources. The fresh fruit from the farm is land (natural resources), the part-time employees are labor, the blender and refrigerator are capital, and Taylor herself, as the business founder, represents entrepreneurship. These resources work together to help her produce and sell smoothies efficiently and bring her idea to life.*

Q187. *[Essay]*

Flex Tech Inc., a new smartphone brand, launches with advanced features but at a high price. After a few months, the company lowers the price, and sales increase significantly. What does this suggest about the price elasticity of demand for Flex Tech's smartphone, and why was the company right to change its pricing?

> ***Suggested answer:*** *Sample response: This suggests that the smartphone has elastic demand, meaning consumers were sensitive to the high price and more willing to buy once it became more affordable. The company was smart to change its pricing because it is in a very competitive market and there are lots of alternatives for customers to choose from.*

Q188. *[Essay]*

Hot Bunz Bakery is considering baking 20 more loaves of bread each day. The cost of ingredients and labor for each additional loaf is $1.50, and each loaf sells for $4.00. How should the bakery analyze marginal cost and marginal revenue to decide whether to increase production?

> ***Suggested answer:*** *Sample response: The bakery should compare the marginal cost ($1.50 per loaf) to the marginal revenue ($4.00 per loaf). Since the revenue from each additional loaf is greater than the cost to produce it, baking more loaves would increase profit and is likely a good decision.*

Q189. *[Essay]*

Enid operates a small urban café. She has $10,000 to invest in the business and must choose between renovating the dining area to attract more customers or upgrading kitchen equipment to improve speed and efficiency. She cannot afford to do both. How does the concept of opportunity cost apply to this decision?

> ***Suggested answer:*** *Sample response: Opportunity cost is the value of the benefit Enid gives up by choosing one option over the other. If she renovates the dining area, the opportunity cost is the increased efficiency and potential savings that could have come from upgrading the kitchen. If she upgrades the kitchen, the opportunity cost is the revenue she would have gained from additional customers. Understanding this trade-off will help Enid make a more informed decision.*

Q190. *[Essay]*

A fitness center creates an app that offers customized workout plans and virtual coaching. Users pay a monthly fee to access the workouts and live sessions with trainers. What is the company's offering and business model?

> ***Suggested answer:*** *Sample response: The company's offering is a combination of a product (the app itself) and a service (virtual coaching sessions) designed to help users improve their fitness. The business model is a subscription model, where the company earns recurring revenue by charging customers monthly for continued access to the service.*

Q191. *[Essay]*

Zoomie Coffee Co is a new coffee company that wants to sell organic, fair–trade beans to environmentally conscious young professionals. How should the company define its market and reach its customers effectively? Be specific in your description.

> ***Suggested answer:*** *Sample response: The company should define its market as eco-conscious young professionals who value sustainability and quality. To reach them, it could use targeted social media ads, partnerships with eco-friendly brands, or content marketing on platforms like Instagram or LinkedIn, where these customers are likely to spend time.*

Q192. *[Essay]*

Mohammad manages a project team in a growing tech company. He sees that his team struggles with missed deadlines and overlapping tasks. Team members say they often don't know who's responsible for what. Which soft skill should Mohammad use to address the issue, and how could it improve the team's performance?

> ***Suggested answer:*** *Sample response: Mohammad should focus on clear communication, which ensures that everyone understands their roles, responsibilities, and deadlines. Improving communication with the team would reduce confusion, prevent mistakes, and boost teamwork, leading to better overall performance.*

Q193. *[Essay]*

A regional grocery chain wants to expand. Its leadership values environmental sustainability and strong community relationships, so they're considering building a new store made of recycled materials and hiring solely from within the local community. They also plan to install solar panels to offset their energy usage and stock more locally sourced products. Explain how the company's leadership is using the three foundational principles of embracing profit and purpose?

> ***Suggested answer:*** *Sample response: The company is applying all three principles. The decision to use recycled materials and solar energy reflects environmental impact, hiring locally supports social responsibility, the use of new building methods and local sourcing shows entrepreneurial thinking, and making these decisions with transparency and care shows ethical behavior. Together, these actions show how profit and purpose can be integrated into expansion plans.*

Q194. *[Essay]*

Problem Solvers LLC, a new logistics company, identifies a market gap: small businesses need affordable, fast local delivery. The founder develops a mobile platform that allows neighborhood delivery drivers to sign up and serve nearby businesses on demand. The model is untested, but early feedback is promising. Which foundational principle is guiding the founder's approach, and how?

> ***Suggested answer:*** *Sample response: The founder is demonstrating the foundational principle "entrepreneurial thinking" by identifying a need, creating a bold solution, and moving forward despite uncertainty. Rather than waiting for perfect conditions, the founder acts on an opportunity to serve a specific market. This kind of creative risk-taking is key to innovation and helps the business stand out in a competitive industry*

Q195. *[Essay]*

A mid–sized beauty brand has historically marketed heavily to one demographic, but recent customer data shows increased interest from diverse communities. The company launches an inclusive campaign that reflects a broader range of identities and donates a portion of profits to youth mentorship programs in underrepresented areas. Which foundational principle is guiding these initiatives, and how?

> ***Suggested answer:*** *Sample response: The company is applying the foundational principle "environmental and social impact." By making its marketing more inclusive and giving back to the community, it is addressing social inequality and creating positive change, not just profits. The decision aligns its business goals with a broader mission to support representation and opportunity, showing customers that the brand has a purpose that is more than just sales.*

Q196. *[Essay]*

Brand Builders LLP, a marketing and public relations firm, is considering using a generative AI tool to create social media content for its clients. While the tool can produce images and captions quickly, some team members are concerned it might reduce the need for human graphic designers and writers. How should the firm approach this transition to balance efficiency with job security?

> ***Suggested answer:*** *Sample response: The firm should approach AI as a collaborative tool, not a replacement for human workers. By using the AI to generate drafts or handle repetitive tasks, designers and writers can focus on higher-level creative strategy, brand voice consistency, and client engagement. Training staff to work alongside AI could improve productivity while preserving jobs, helping the firm innovate without losing its human touch.*

Q197. *[Essay]*

Digital Shoppers, an online retailer, wants to improve its product recommendations to customers. It implements an AI system that analyzes customer browsing and purchase history to suggest items in real time. How is the company's system an example of machine learning, and what value does it provide?

> ***Suggested answer:*** *Sample response: Machine learning is a type of AI that gets computers to act without being explicitly programmed while also learning and improving with every experience. The company's system is an example of machine learning because it analyzes patterns in customer behavior and automatically improves its recommendations without being explicitly programmed to do so. As the system gathers more data, it learns and refines its suggestions over time. This adds value by creating a more personalized shopping experience, increasing the chances of repeat purchases and boosting customer satisfaction.*

Q198. *[Essay]*

Top Transport, Inc., a transportation company, launches a pilot program using self–driving delivery vans in suburban areas. While the vans drive themselves, human employees load packages, monitor vehicle systems remotely, and handle customer service calls. What does this scenario suggest about the relationship between AI and human workers?

> ***Suggested answer:*** *Sample response: This scenario shows that even with AI-powered automation, human workers remain essential for complex, hands-on, and customer-focused tasks. The self-driving vans reduce the need for drivers but increase demand for support roles like system monitoring and customer service. This demonstrates how automation changes jobs rather than eliminating them entirely.*

Q199. *[Essay]*

Jessica uses an app called Design 4U to hire a freelance designer to create a logo for her new online bakery. She browses profiles on the platform and selects Gino based on the pictures of his work and his past reviews. Jessica places an order, and Gino completes the logo design within three days. Jessica is happy with the work and gives Gino five stars and a positive review in the app. How are the components of the gig economy reflected in this scenario?

> ***Suggested answer:*** *Sample response: All three components of the gig economy are reflected in this scenario—the worker, the company, and the consumer. Gino, the freelance designer who provides labor by creating the logo, is the worker. The company is the technology platform Design 4 U, which connects Jessica with Gino and allows them to complete the transaction. Jessica is the consumer who uses the platform to hire Gino and benefits from convenience, access to services, and the ability to give feedback.*

Q200. *[Essay]*

Sharique, a graphic designer, notices that more clients are asking for AI–generated design options. Instead of resisting the change, she enrolls in an online course to learn how to use AI design tools and starts offering these services to her clients. What self–efficacy skill is she demonstrating, and how does it benefit her career?

> ***Suggested answer:*** *Sample response: She is demonstrating curiosity and lifelong learning, which shows a belief in her ability to grow and stay relevant in a changing industry. This benefits her career by expanding her skill set, helping her meet client demands, and staying competitive in a rapidly evolving job market.*