

BUS 101 Quiz 1 Covering Chapters 1-4

Please record your answers on a scan-tron. Please do not write on this test since you will return this test with your scan-tron. Each correct answer is worth 1 point.

1. Jane's income has remained stable over the past few years while the prices of things she buys have gone up. Nevertheless, Jane feels better off because the environment is cleaner, the crime rate has declined, she has more leisure time, and the quality of medical care has improved. If Jane's experience is typical, we can conclude that the standard of living has:

- A. increased, but the quality of life has decreased.
- B. increased, and so has the quality of life.
- C. declined, but the quality of life has increased.
- D. declined, and so has the quality of life.

2. Planet Earth Developers is a large nation-wide construction company with home offices in Lansing, MI. The local media often remarks about the pristine landscaping that surrounds the home office that sits on a 30-acre complex. At the back end of the complex are several large warehouses and garages that hold large equipment. The grounds surrounding these warehouses look like a well-maintained park. Across the street from the garages are several shops and businesses. The CEO, "Planet Paul" (as his employees call him), often talks about how thankful he is that the town permits him to store the company equipment at that site, and vows to always maintain the premises for his neighbors (the other businesses that thrive in that area), not to mention that he asks 100 employees to come to work there everyday. Which of the following statements describes Planet Paul's business philosophy?

- A. Planet Paul is a nice guy whose company made a lot of money, so he is willing to spread it around.
- B. Planet Paul understands that even though it may cost a little more, stakeholder considerations are very important if you want your business to thrive.
- C. Planet Paul is more concerned about town politics than about the company profits. He should ask his employees if they would rather have that money in their pockets than on the lawns.
- D. Planet Paul is taking a business risk that his trucks and equipment will not make too much noise as they enter and exit the garages.

3. Nolia is a small and poor nation, but its current president has a genuine desire to create more wealth for Nolia citizens. The president has received recommendations from several of her advisors. Which of the following recommendations is likely to create the most wealth for Nolia?

- A. Acquire more land by invading a neighboring country that is even poorer and weaker than Nolia.
- B. Use foreign aid from other nations to purchase more tools and machinery.
- C. Establish a business environment that promotes and rewards entrepreneurship.
- D. Establish barriers to trade to protect Nolia businesses from foreign competition.

4. A recent New York Times article about Bernard Madoff and his illegal Ponzi scheme stated, "When money goes global, fraud does too." Although the goal of investors who trusted Madoff's investment company was to earn the highest return possible on their investments, they turned a blind-eye toward the fact that some of those returns were too good to be true. Individual investors, companies, and even charities lost large sums of money by investing with Madoff's company. Which of the following statements relates to this story?

- A. The unethical behavior of one company had a worldwide ripple effect that can impact the well being of an economy.
- B. Too much regulation caused the capitalistic nature of Mr. Madoff's business model to fail.
- C. People lost money because of the fluctuations in world trading currencies, questioning the legitimacy of trading abroad.
- D. Investors did not sign contracts with Mr. Madoff's company. The government can only protect individuals and companies who sign enforceable contracts.

5. Tyrell recently noticed that he was receiving several catalogs and direct mail advertisements than he had in the past even though he had not requested any of them. Which of the following best explains why this is happening?

- A. Tyrell was a victim of online theft.
- B. Tyrell gave his personal information to a business, which then traded it to other companies and these companies then began sending him catalogs.
- C. All businesses routinely have all customers' personal information.
- D. Tyrell's accountant gave his information to the direct mail marketers.

6. Greg is working as a marketing trainee for an online Music CD and video retailer. His boss called a meeting for next week with one thing on the agenda: "Bring with you your ideas about how we can gain a competitive advantage." Greg plans to provide the following response:

- A. Create a management-driven environment with lots of employee training.
- B. Create a customer-driven environment where we constantly try to create customer value.
- C. Restructure the organization so that there is always a manager on duty to chat with online customers that are having problems with their orders.
- D. Always match the promotions of our competitors. Price is the only thing customers care about.

7. Jill is looking into the possibility of opening up a day care center in her community, because she is aware of many single-parent families that need a place for their children to stay while the parents work. She is concerned about the long-term prospects for such a business. Jill believes the future of her center will depend on whether birth rates and the number of single-parent families remain high. These concerns illustrate how businesses can be affected by:

- A. econometric trends.
- B. demographic trends.
- C. holographic trends.
- D. psychometric trends.

8. Mark recently graduated with honors from his college. He has bragged to his friends that his academic performance has prepared him so well for a successful career that he can forget school or training in his future. In evaluating the future of the workplace, Mark is:

- A. exactly right. His past performance should carry him to success.
- B. completely wrong. Studies show that a college education has little to do with success.
- C. over confident. Global competition means that continuous learning will be needed in the future to adapt to rapid changes.
- D. probably right. Specialized training today is a key to continued success in the future.

9. Jenna Leigh is an information savvy, 20-something person who is trying to select between two marketing job offers. She can either join a company that makes small hammers and screwdrivers for the do-it-yourself hardware store business, or she can join a company developing the fourth generation cell phone service. She is quite impressed that the hardware business is growing quite nicely in China, Mexico, and India where people are starting to expand their living spaces. She is also aware of:

- A. Declines in the telecommunications business now that new cell phone service companies are springing-up everywhere.
- B. A decline in the domestic hardware market due to older Americans losing interest in keeping up their living quarters.
- C. An information-based global revolution that might make her career at a telecommunications company more lucrative in the long run.
- D. An increase in the price of the actual cell phones must indicate that there is still a great demand for phones.

10. Fourteen years ago, Sergio noticed that a lot of people who bought personal computers did not know much about how to use them and frequently suffered system crashes and other aggravations. He decided he could earn a nice profit by starting a consulting business to help other people overcome their computer woes. Although the business struggled at first, it has experienced a good deal of success for the past five years. Sergio has many satisfied customers, and the business has grown to the point where he now employs several workers. Sergio's experience is an example of:

- A. Socialism at work.
- B. The principle of comparative advantage.
- C. The invisible hand.
- D. The multiplier principle.

11. The "**Spotlight on Small Business**" box in Chapter 2 is titled, "*The Key to Capitalism is Capital.*" Which of the following statements best describes the message of this story?

- A. This box explains that the only important factor of production for most businesses is capital.
- B. This story explains that loans for large capital investments come with sizeable interest rates, but usually produce better results.
- C. Corruption has prevented good will institutions from making large capital investments in developing countries.
- D. Micro-lending has proven to lift impoverished entrepreneurs to a better standard of living.

12. Recently, Hugo Chavez, the Prime Minister of Venezuela, announced that he is standing behind the concept of state owned utilities, public schools, and the communications industry of his nation. Although not all industry is owned and managed by the government, his ideas would lead one to believe that he has a preference for:

- A. A capitalistic state
- B. A socialistic state
- C. A communistic state
- D. A nationalistic state

13. In an effort to promote rapid growth, the government of Goldinia has kept taxes low, done little to regulate business activities, and implemented only modest social programs. The government is now facing political pressure to do more to clean up the environment and to reduce the inequalities of income and wealth. Which of the following statements is most accurate? Goldinia's government is currently taking:

- A. A purely capitalist approach to achieve its economic goals, and is likely to continue doing so in the future.
- B. A purely socialist approach to achieve its economics goals, and is likely to continue doing so in the future.
- C. A predominately socialist approach to achieving economic goals, but the current pressures it faces suggest it is likely to adopt a more capitalist approach in the future.
- D. A predominately capitalist approach toward achieving economic goals, but the current pressures it faces suggest it is likely to adopt a more socialist approach in the future.

14. Patrick just landed a job working for a major online gaming company in Silicon Valley. In a lot of ways, this is his dream job come true - the chance to work for a company that makes gaming software and live in California at the same time. As his plane lands at San Jose International, he pictures a snazzy apartment with a palm tree right outside the front door. A few hours later, as he meets a property manager of a large apartment complex, his heart sinks. The price of apartments is out of sight! Back at the hotel, he logs on to the Bureau of Labor Statistics to try to get a better picture of why the cost of housing is so high in this region of the U.S. Which factors may be causing the rise in the price of housing?

- A. Low Unemployment rate and increasing GDP
- B. High consumer's marginal index and low PPI
- C. Low CPI and high state tax rate
- D. Decreasing Disruptive Technologies Index and high unemployment

15. Emily recently quit her job at a major corporation because she saw little chance for advancement. Although she is still searching for a new position, Emily believes the economy is healthy and she hears that several firms are hiring people with her qualifications. Which of the following statements about Emily's current situation is most accurate? Emily is:

- A. Not considered unemployed because she voluntarily quit her job.
- B. An example of cyclical unemployment.
- C. An example of frictional unemployment.
- D. Likely to find employment quickly if she seeks training in a different field.

16. Ben recently lost his job at a major U.S. auto plant in one of the rust belt states. After looking unsuccessfully for work in a similar industry for several months, he plans to start interviewing with road and bridge repair companies. He speculates that if the government begins to contract with companies that repair highways and bridges, he may find steady work, at least in the short-term. Which of the following statements best describes the strategy behind his thoughts?

- A. The best way for the government to reign-in on too much money floating around the system is to hire people and pay them wages.
- B. Ben doesn't understand the causes of unemployment. We obviously don't need any more autos on the roads if the plant has closed. Repairs will slow down rather than increase.
- C. If the current administration asks the FED to raise interest rates, it will do more than if the current administration begins contracting with road repair companies.
- D. By increasing government spending through road and bridge repair and construction, the government will intervene in the free-market economic system to help jump-start a weak economy.

17. Climate and terrain in several South American countries are conducive to growing coffee efficiently. While other countries can grow coffee, they are not as efficient and effective at coffee growing because of short seasons and climate concerns. This fact would lead you to believe that South American countries have a (n) _____ advantage in the production of coffee.

- A. comparative
- B. effective
- C. unprotected
- D. progressive

18. According to the material in the "**Reaching Beyond Our Borders**" box in Chapter 3, which of the following statements best describes McDonald's current involvement in global markets?

- A. McDonald's focus is on the U.S. market, and currently has no plans to participate in global markets.
- B. The key to McDonald's success worldwide is its adherence to its U.S. menu as standard throughout all of its international franchises.
- C. McDonald's global market success reflects its willingness to adapt its menu to local tastes and culture.
- D. Unlike Kentucky Fried Chicken and Burger King, McDonald's continues to experience problems abroad due to its inability to adapt to local culture.

19. An article published in the journal of "Modern Healthcare" reported that in 2007, the governments of the following nations held sizeable investments in U.S. companies, (including U.S. healthcare providers):

Country	Fund	Amount in billions
UAE – Abu Dhabi	Abu Dhabi Investment Authority	875.00
Norway	Government Pension Fund-Global	396.50
Saudi Arabia	SAMA Foreign Holdings	365.20
Singapore	Government of Singapore	330.00

These investments are called _____ and some experts fear that the strategy behind these governments sinking large amounts of capital in U.S. companies may have _____.

- A. Government Funded Businesses (GFBs); terrorist implications
- B. Government Bond Funds (GBFs); aggressive growth implications
- C. Trade Agreement Funds (TAFs); strategic maneuvers to socialize medicine
- D. Sovereign Wealth Funds (SWFs); geopolitical objectives

20. Nike _____ its products in foreign countries, where labor is cheap and production sites are owned by other companies. This strategy allows Nike to experiment in new markets without incurring large start-up costs involved with building their own production facilities.

- A. contract franchises
- B. pays governments to market
- C. globally licenses
- D. contract manufactures

21. Jake's family business sells and installs tile in bathrooms and kitchens. He is convinced that heater coils under bathroom floor tiles is the best thing since sliced bread. In his effort to avoid domestic competition, he sets his sights on the vast Chinese market. Much to his surprise, most Chinese people do not yet have indoor plumbing and are accustomed to government-run communal baths. Jake realized that his global marketing effort is hampered by:

- A. Legal and regulatory constraints.
- B. Cultural constraints.
- C. Physical and environmental constraints.
- D. The floating exchange rate.

22. Denmark requires foreign companies that sell butter in Denmark to sell it in cubes, not tubs. This type of requirement is known as a:

- A. protective tariff.
- B. revenue tariff.
- C. quota.
- D. nontariff barrier.

23. France, Italy, Denmark, and Luxembourg are all members of the EU. Which of the following statements is an accurate description of trade between these nations?

- A. France and Italy are permitted to engage in free trade due to their proximity to each other, however, Luxembourg only has free trade with Belgium, and Denmark only has free trade with Switzerland, Sweden, and Germany.
- B. The EU has abolished customs duties at internal borders for these and other member nations and put in place a uniform system for taxing imports. Internal border controls subsequently disappeared.
- C. Customs officers that collect tariffs are now found at the internal borders of all EU member nations.
- D. France, Italy, Denmark, and Luxembourg are four nations strongly considering abandoning the EU common market. The global trading bloc has proved inefficient in these nations attracting global business.

24. Jill works as a flight attendant for an international airline. While in China, it is convenient for Jill to find look-alikes in famous brands of watches, purses, clothing, and golf clubs. In fact, she does her Christmas shopping there and even buys good quality items for auctioning at her son's pre-school events back in the U.S. Jill's actions:

- A. Demonstrate a continual problem with product piracy in China.
- B. Demonstrate how expensive it is to trade with China. Persons who travel there are really the only ones who can benefit from China trade.
- C. Demonstrate the low level of economic development in China, and the fact that only tourists can afford to purchase name brand goods in that nation.
- D. Demonstrate the World Trade Organization's encouragement of China to increase its production of counterfeit goods because there is a high demand for these globally.

25. Cigarette producers refused to voluntarily place health warnings on their packages. In response, the federal government passed laws requiring health warnings on all cigarette packages. With respect to ethical behavior, this sequence of events is:

- A. The intended approach.
- B. The desired approach.
- C. Not the desired approach.
- D. Not really a concern.

26. A high-level manager gathers his team of supervisors together to create a new office policy that will affect all employees at the company. After receiving a verbal nod from the supervisors, he then proceeds to pass around a written form of the new policy and asks all members of the team to initial it. He explains to the supervisors that the new policy will be posted in the break rooms on each floor of corporate headquarters. If you were a part of this work team, which question would you ultimately ask yourself before initialing your approval of this policy?

- A. Is it legal?
- B. Is it balanced?
- C. How will it make me feel about myself?
- D. Is it a lose-lose situation?

27. A friend offers to share with you a term paper previously prepared for her Introduction to Business class last semester. When you tell her that it wouldn't be fair, she reminds you of your habit of reading an entire Harry Potter book at the local bookstore without paying for the book. Which ethics-based question would be most helpful in evaluating these situations?

- A. Is it legal?
- B. Is it balanced?
- C. Who wins and who loses?
- D. Will I get caught?

28. Jake recently invested in a Hottie Potatee franchised business that serves potatoes with all the trimmings. The business needs lots of employees in order to operate effectively. He told you that if he calls the business once each day and tells the employees that he is on his way there, they will be on their best behavior. As he tells it, "It's okay if I really don't make it there, after all, I'm the owner and the business should be able to run without micromanagement." As a recent student of business ethics, you remind Jake that:

- A. he should post a code of ethics that stipulates how each employee should work and how each employee should treat the customers.
- B. he should create a survey for customers to respond to, and then he will always know if his employees are productive.
- C. employees usually take-on the behavior of their leaders. If integrity is not important to the owner, it may not be important to employees.
- D. "No good deed goes unpunished." Even though he may think he is doing a good thing, his employees will not appreciate the fact that he is working very hard on his business, off-site. Their expectations are that he should be there, working side by side with them.

29. In an effort to promote the importance of a valuable education, the faculty and staff at the local community college are trained to ask each student about their career preferences, rather than suggest courses that may not benefit the student's future goals. Although it would be tempting to suggest courses just to increase the College's enrollment, employees know that it is more important to serve each student well, even if it means suggesting courses and/or degrees offered at other institutions. This approach is consistent with:

- A. an integrity-based ethics code.
- B. a compliance-based ethics code.
- C. a response to a government mandate.
- D. a personal responsibility commitment.

30. High Mountain Brewers has adopted the slogan, "Cool, Clean, and Green" to promote its product line of specialty beers and company image. However, upon closer inspection, a group of concerned citizens including some former employees are protesting that the company is anything but "green". According to the **Thinking Green** box, titled, "Green Greed", the group is accusing the brewer of _____.

- A. green gauging
- B. environmental stewardship
- C. not adhering to government regulations which stipulate exactly what a firm must be able to prove in order to be green
- D. green washing

31. Management's philosophy at Apple, Inc. has often stated that a fit body contributes to more productivity at work. Apple provides exercise facilities at most of its sites across America, and permits employees to use a half-hour of work time each day to relieve stress through exercise. This serious position on physical fitness is part of Apple's _____.

- A. corporate philanthropy
- B. corporate policy
- C. community mediation services
- D. participative funding

32. The boxed material entitled "**Reaching Beyond Our Borders**" that told the story about Joe, the Motorola engineer, suggests that U.S. firms operating overseas are:

- A. Not as flexible on social issues as local employees would like them to be.
- B. Exploiting employees by working them long hours at low pay.
- C. Complying with the ethical standards of the people they employ, in the countries in which they are operating.
- D. Responding to their stockholders desire for profits.

33. J. D. started working for an export trading company right out of college. His job took him to Asia on several occasions, where he interacted with manufacturers and got to practice his limited Chinese. He was amazed to see the difference in working conditions in the developing nations where he visited, compared to similar operations in the U.S. The expectations of workers were not the same. J.D.'s experience is an example of:

- A. corporate philanthropy differences in different countries.
- B. social responsibility differences between similar firms, but in different countries.
- C. difference in corporate social initiatives in foreign nations.
- D. the need for whistleblowers abroad.