

# BA130 Midterm Exam

## Chapters 1-9

### Introduction to Business

*Please choose the correct answer.*

- Stakeholders include \_\_\_\_\_.
  - Customers, employees, stockholders
  - Suppliers, dealers, bankers
  - Media, people in the local community
  - Environmentalists and elected government leaders
  - All of the above
- Governments can reduce the risk of starting businesses and thus help entrepreneurs by the following \_\_\_\_\_.
  - Allow private ownership of businesses
  - Pass laws that enable businesspeople to write contracts that are enforceable in courts
  - Establish a currency that's tradable in world markets, help to lessen corruption in business and government
  - Keep taxes and regulations to a minimum
  - All of the above
- Technology has enabled workers to be more effective, efficient, and productive.
  - true
  - false
- The business environment consists of the surrounding factors that either help or hinder the development of business. The elements include \_\_\_\_\_.
  - The economic and legal environment and the technological environment
  - The competitive environment and the social environment
  - The global business environment
  - All of the above
- The factors of production include land, labor, capital, entrepreneurship, and knowledge.
  - true
  - false
- \_\_\_\_\_ is the study of how society chooses to employ resources to produce goods and services and distribute them for consumption among various competing groups and individuals.
  - Marketing
  - Economics
- The two branches of economics include microeconomics and macroeconomics. A. true      b. false
- \_\_\_\_\_ is an economic system in which all or most of the factors of production and distribution are privately owned and operated for profit.
  - Communism
  - Socialism
  - Capitalism
- \_\_\_\_\_ is an economic system based on the premise that some, if not most, basic businesses should be owned by the government so that profits can be more evenly distributed among the people.
  - Communism
  - Socialism
  - Capitalism
- \_\_\_\_\_ is an economic and political system in which the government makes almost all economic decisions and owns almost all the major factors of production.
  - Communism
  - Socialism
  - Capitalism

11. Why should nations trade with other nations?
- No country is self-sufficient
  - Other countries need products that prosperous countries produce
  - Natural resources and technological skills are not distributed evenly around the world
  - All of the above
12. Some of the ways in which a company can engage in global business include \_\_\_\_\_.
- Licensing, exporting and franchising
  - Contract manufacturing, joint ventures
  - Strategic alliances and direct foreign investment
  - All of the above
13. Some of the forces that can discourage participation in global business include \_\_\_\_\_.
- Sociocultural forces, economic, and financial forces
  - Legal and regulatory forces
  - Physical and environmental forces
  - All of the above
14. A \_\_\_\_\_ is an arrangement whereby someone with a good idea for a business sells the rights to use the business name and sell a product or service to others in a given territory.
- Corporation
  - franchise
  - sole proprietorship
  - partnership
15. Two important reasons for incorporating are special tax advantages and limited liability.
- True
  - False
16. What are the primary functions of management?
- planning and organizing
  - leading and controlling
  - all of the above
17. \_\_\_\_\_ is the process of selecting a geographic location for a company's operations.
- Facility layout
  - Facility location
18. What are some of the reasons people start their own businesses?
- Profit
  - Independence
  - opportunity & challenge
  - all of the above answers.
19. If you want to learn about starting a small business, there are steps you can take.
- You can learn from others and you can take courses and talk with some small business owners.
  - You can get some experience working for others and take over a successful firm.
  - You can study the latest in small-business management techniques, including the use of computers for functions like payroll, inventory control, and mailing lists.
  - You can do some or all of the above activities.
20. The three major forms of business ownership include sole proprietorship, partnership, and corporation.
- true
  - false

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(The above information must be included on this exam or it will not be graded. Tests with no names will be discarded).

**Introduction to Business**  
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Please use this answer sheet. Type the correct answer. Use capital letters only: A, B, C, D, E.

1. E
2. E
3. A
4. D
5. A
6. B
7. A
8. C
9. B
10. A
11. D
12. D
13. D
14. A
15. A
16. C
17. B
18. D
19. D
20. A

