

Chapter 1

Introduction to Business and Economics

Answer Key

Part 1: Content Review

Matching

1. C
2. G
3. H
4. E
5. D
6. B
7. J
8. A
9. I
10. F

Multiple Choice

1. B
2. B
3. A
4. D
5. C
6. D
7. A
8. C
9. B
10. D

Completion

1. customer
2. need
3. Place
4. market
5. wages
6. finance
7. Capital
8. trade-off
9. command
10. supply and demand

Part 2: Concept Review

Open Response

1. A customer is an individual or group who buys products from a business. Businesses focus on satisfying customer needs and wants to create satisfied customers. Customers allow a business to generate sales and earn a profit.
2. Economic benefits are gains that are measured in terms of money. By earning a profit, a business can contribute to the economy by employing workers and paying taxes that help fund the economy. People employed by a business use their wages to buy goods and services. Businesses create products that allow consumers to determine their standard of living. The profits of a business are taxed to help pay for services that benefit the community.
3. Factors of production are the economic resources a nation uses to make goods and supply services for its population. For an economy to function well, someone must organize the economic resources of land, labor, and capital to produce goods and services. Individuals, businesses, and governments must constantly make choices about using limited economic resources to satisfy unlimited wants.
4. **Production** is any activity related to making a product and includes farming, mining, construction, and manufacturing. **Finance** includes all business activities that involve money, including receiving money from customers, paying money to suppliers, and paying wages to employees. **Marketing** consists of all activities that identify, anticipate, and satisfy customer demand while making a profit. Marketing activities focus on customers. **Management** is the process of controlling and making decisions about a business. This includes planning, coordinating, and monitoring a business, as well as hiring and training employees.
5. Student answers will vary. Evaluate responses individually.

Part 3: Math Skills

Understanding Place Value

1. Three hundred seventy-five million dollars
2. \$2,357.49
3. Nine million dollars.
4. The 4 digit in last year's wages is a larger value at four thousand dollars. In this year's wages, the digit's value is forty dollars.
5. $9,000 \div .9 = 10,000$ (The 9 on the left is 10,000 times greater than the 9 on the right.)

Part 4: Communication Skills

Writing

Section I

1. hot
2. fast
3. early
4. accept
5. never
6. worst

7. clear
8. open
9. exit
10. correct

Section II

11. Happy
12. Destroy
13. Common
14. Heavy or dark
15. Seldom
16. Friend
17. Short
18. Always
19. Right or correct
20. Loud
21. Cold
22. Private
23. Sour
24. Weak
25. Difficult