

CHAPTER

1

Introduction to Business and Economics

Part 1: Content Review

Matching

Write the letter of the correct term for each definition on the line provided.

Terms

- | | |
|--------------|--------------------------|
| A. economics | F. business |
| B. customer | G. profit |
| C. market | H. capitalism |
| D. scarcity | I. factors of production |
| E. product | J. service |

- _____ 1. Anywhere a business exchange takes place.
- _____ 2. Money that a business has left over after all the expenses and costs of running the business are paid.
- _____ 3. An economic system where the economic resources are privately owned by individuals rather than the government.
- _____ 4. Anything that can be bought and sold.
- _____ 5. When demand is higher than the available resources.
- _____ 6. An individual or group who buys products.
- _____ 7. An action or task that is performed, usually for a fee.
- _____ 8. A science that examines how goods and services are produced, sold, and used.
- _____ 9. The economic resources a nation uses to make goods and supply services for its population.
- _____ 10. A term for all the activities involved in developing and exchanging products.

Multiple Choice

Place the letter of the correct answer to each question on the line provided.

- _____ 1. Products are commonly known as _____.
A. needs and wants
B. goods and services
C. factors of production
D. functions of business
- _____ 2. Utility describes the characteristics of a product that satisfy _____.
A. scarcity
B. needs and wants
C. opportunity costs
D. supply and demand
- _____ 3. Which of the following is *not* a function of business?
A. Capitalism
B. Marketing
C. Finance
D. Production
- _____ 4. Entrepreneurs take risks to start and run _____.
A. economic resources
B. opportunity costs
C. factors of production
D. businesses
- _____ 5. The value of the next best option that is not selected is _____.
A. profit
B. standard of living
C. opportunity cost
D. time utility
- _____ 6. Which of the following is *not* an important economic question related to scarcity that every nation must answer?
A. What should we produce?
B. How should we produce it?
C. For whom should we produce it?
D. What are the factors of production?
- _____ 7. In a _____ economy, individuals free to make their own economic decisions.
A. market
B. command
C. centrally-planned
D. traditional
- _____ 8. The market price for a product is determined at a point where _____.
A. demand exceeds supply
B. supply exceeds demand
C. supply equals demand
D. there is both a shortage and surplus

Name _____

- _____ 9. When demand for a product becomes greater than available supply, a(n) _____ develops.
- A. surplus
 - B. shortage
 - C. equilibrium
 - D. competition
- _____ 10. The driving force in choosing to start a business is _____.
- A. supply and demand
 - B. market forces
 - C. competition
 - D. profit

Completion

In the space provided, write the word(s) that best completes each of the following statements.

- _____ 1. An individual or group that buys products is called a(n) _____.
- _____ 2. A(n) _____ is something a person must have to survive.
- _____ 3. _____ utility is added when products are available at convenient places.
- _____ 4. A(n) _____ is anywhere buyers and sellers meet to buy and sell goods and services.
- _____ 5. Money earned in exchange for work are _____.
- _____ 6. A business function that includes all business activities that involve money is _____.
- _____ 7. _____ is all of the tools, equipment, and machinery used to produce goods and services.
- _____ 8. A(n) _____ is when something is given up in order to gain something else.
- _____ 9. The government makes all the economic decisions for its citizens in a _____ economy.
- _____ 10. The price of product is determined by the law of _____.

Name _____

Part 2: Concept Review

Open Response

Write your response to each of the following statements or questions in the space provided. Use complete sentences.

1. What is a *customer*? Why must a successful business be focused on the customer?

2. How do businesses generate economic benefits?

3. What are factors of production? How do the factors of production relate to the basic economic problem?

Name _____

4. Identify and describe each of the functions of business.

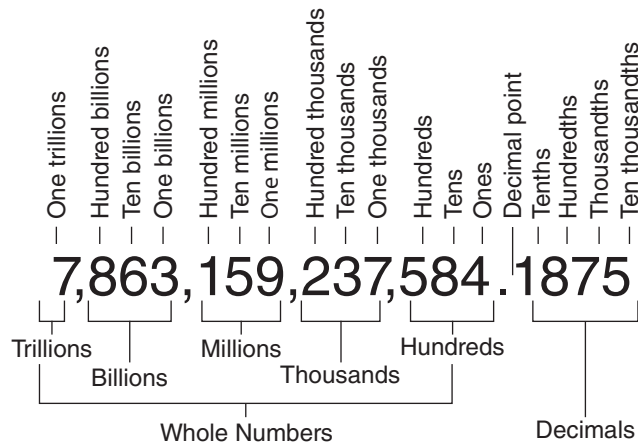
5. In a mixed economy, both the government and individuals make decisions about economic resources. Think about how government is involved in the United States economy. Make a list of ten services provided by the federal, state, or local government. Indicate which you think are necessary for the country to function and survive. Briefly state your reasoning.

Name _____

Part 3: Math Skills

Understanding Place Value

An understanding of *place value* is essential when working with numbers. Place value is the value of a digit based on its position in a number. Each place represents ten times the place to its right. This is a *base ten* system. The digit, or numeral, in the place farthest to the right *before* the decimal point is in the *ones position*. The next digit to the left is the *tens position*, followed by the next digit in the *hundreds position*. As you continue to move left, the place value increases to thousands, ten thousands, and so forth. The first digit which *follows* the decimal point to the right is in the *tenth position*, followed by the next digit in the *hundredth position*. As you continue to move right, the place values decrease to thousandths, ten thousandths, and so forth. The following figure demonstrates the numerical form of seven trillion, eight hundred sixty-three billion, one hundred fifty-nine million, two hundred thirty-seven thousand, five hundred eighty-four and one thousand eight hundred seventy-five ten thousandths.



Answer the following problems about place value.

1. A large corporation reports an annual profit at \$375,000,000. How much is this profit in written form?

2. A business owner issues a paycheck in the amount of two thousand, three hundred fifty-seven dollars and forty-nine cents. What is the numerical amount of this check?

3. A business had sales last year of \$139,526,000. Write the value of the 9 digit in this number.

4. An employee earns wages of \$69,243 this year compared to \$54,357 last year. In which figure does the 4 digit have the larger value?

5. Consider the number \$9,400.98. How many times greater is the nine on the left than the nine on the right?

Name _____

Part 4: Communication Skills

Writing

Communication skills are important in the workplace. To be an effective employee or employer, focus on improving your vocabulary so that you may become a skillful communicator. Vocabulary can be improved by understanding the difference between a synonym and an antonym. A *synonym* is a word that has the same meaning as another word. An *antonym* is a word that is the opposite of another word.

Section I

Choose the correct antonym from the following list to complete the sentences.

early	accept
worst	fast
hot	never
correct	clear
exit	open

- _____ 1. Snowboards sell better when the weather is *cold*, while surfboards sell better when the weather is ____.
- _____ 2. Customers were unhappy when the checkout lines moved *slow*, and were happy when the lines moved ____.
- _____ 3. The ice cream store was open *late* during July, but it closed ____ in January.
- _____ 4. The teacher will *refuse* to accept a late assignment without an acceptable reason, but will ____ the assignment if an acceptable reason is given.
- _____ 5. The customer service supervisor told her employees to *always* be courteous, and ____ be rude.
- _____ 6. The baseball team had its *best* attendance when the weather was sunny, but had the ____ attendance when the weather was rainy.
- _____ 7. The salesclerk performed poorly when given *vague* directions, but performed well when the directions were ____.
- _____ 8. The school office will be *closed* during the week of Spring break, but will be ____ on the following Monday.
- _____ 9. Employees must *enter* the headquarters building through the main doorway, and must ____ the building through the same door.
- _____ 10. The *incorrect* response to a serious customer complaint is to argue with the customer, while the ____ response is to be calm and ask for a manager's assistance.

Section II

Next, write an antonym for the following words.

- _____ 11. Sad
- _____ 12. Build
- _____ 13. Rare
- _____ 14. Light
- _____ 15. Often
- _____ 16. Enemy
- _____ 17. Long
- _____ 18. Never
- _____ 19. Wrong
- _____ 20. Quiet
- _____ 21. Hot
- _____ 22. Public
- _____ 23. Sweet
- _____ 24. Strong
- _____ 25. Easy