

Date: 10/5/20

Business & Entrepreneurship TEST #1

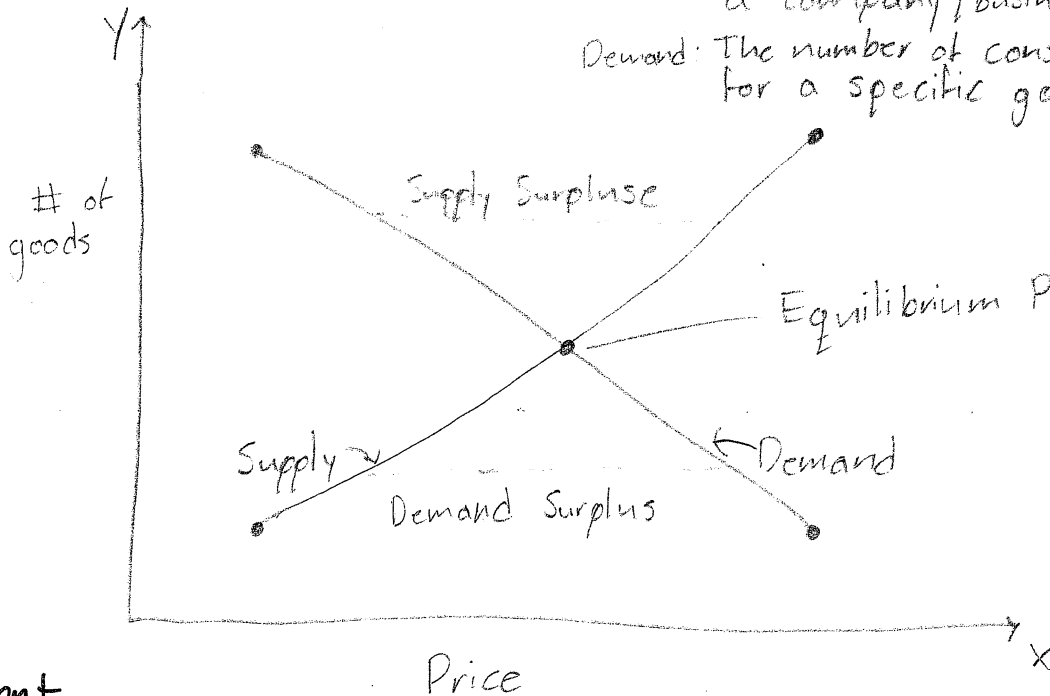
Directions: You have the entire 80 minutes to complete this test. If you finish early you may turn it in and work on non-Business class material quietly. Like everything in this class 'main ideas' will get you an A-/B+ but if you want an A+/A then you need to also give 'more specific details, examples, and business textbook terminology.' Raise your hand if any questions.

54 Points on this in-class test (80% of Unit 1 Test Grade) + (20% study guide answers)=
FINAL UNIT 1 TEST GRADE

1. Draw and label a 'Supply & Demand' graph including an equilibrium price. Label as much as you can. (6 points)

Supply: The number of goods/services produced by a company/business for consumers

Demand: The number of consumers willing to pay the price for a specific good/service



(Point of Maximum Profit)

2. All of the following increasing would be signs that a country's economy was experiencing economic expansion. Circle all that apply. (2 points)

(a) GDP

(b) Employment

~~(c) Inflation~~

(d) Increase in domestic spending

cellent
-0

3. What does it mean for a country to have a budget deficit? (2 points)

A country is spending more money than the amount of money it takes in from taxes.

4. All of the following would be reasons why a country would want to devalue its own currency. Circle all that apply. (2 points)

- a) To decrease the price of your country's exports to other countries
- b) To increase the price of your country's exports to other countries
- c) To make other countries want to buy your country's currency
- d) To make imports coming into your country cheaper to buy

5. Briefly explain what the USA economy was like in the....(what kind of economy was it?) (4 points)

1700s - Agricultural

- Consumers could produce their own goods at home (Food, Furniture, clothing, etc.)
- Farms → Crops
- Natural Resources

1800s - Industrial

- Industrial Revolution → new technologies

Early 1900s - Manufacturing and Marketing

- Goods being produced in factories
- Boost in Advertisements for consumer goods

After 1960s - Service

- Consumers paying others for time-consuming tasks
- Cooking, House-cleaning, etc.

6. What is it called when a country imports more than it exports? Circle only one. (2 pts)

- a) A trade surplus
- b) A trade deficit
- c) Trade expansion
- d) Trade contraction

7. What are some pros and cons to a country enacting a protective tariff? (2 points)

Pros:

- Limits the amount of imported goods brought in
- Increase spending on domestic goods/services
- Trade Surplus more likely

Cons:

- Less likely to export goods outside of country
- Harder for foreign goods to be sold (More Expensive)

Excellent
-0

8. What is it called when a country limits the number of units of a particular product that can be imported into a country? Circle only one. (2 pts)

- a) An embargo
- b) A cartel
- c) A quota
- d) An import tariff

9. Which country does the USA currently have a trade embargo against? (1 pt)

Cuba

10. What is OPEC and why do some consider it to be a cartel? (2 pts)

OPEC is an alliance of 27 nations formed in 1960 which regulates and monitor the distribution of Petroleum (form of energy/fuel) across member nations. Some consider it to be a cartel as the policies being instituted don't always meet the agenda/interest of all member nations.

11. South Africa controlling the world market on diamonds would be an example of what?

Circle only one. (1 pt)

- a) Comparative advantage
- b) Absolute advantage
- c) Outsourcing
- d) Offshoring

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12. What is outsourcing and why is it sometimes controversial? (2 points)

Outsourcing is when one company relies on another company (often foreign) to fulfill a specific task, such as producing goods/services which could help the other company. Seeing that in some cases this may require moving employees, this is sometimes controversial as some say outsourcing may lead to more jobs being lost and less jobs being created (from a domestic point of view)

13. What are some pros and cons of NAFTA? (3 points)

Pros:

- Average wages increase
- More accessible jobs (Jobs Created)
- Access to 450+ million people
- Direct Investment between US, Mexico, & Canada increase

Cons:

- Illegal Immigration
- Less regulation on borders
- More money being invested outside member countries which could be used domestically

14. What are some pros and cons of APEC? (3 points)

Pros:

- Open Trade between member countries
- Access to Asian Countries/ countries along Pacific Ocean
- Wage Increase between member nations

Cons:

- Protest: Highlight countries prioritize its foreign relations than domestic issues
- Summit: Very Expensive
- Taiwan; not acknowledged by all members

15. What is it called when two countries agree to barter products instead of currency? Circle only one. (2 pts)

- a) Absolute Advantage
- b) Comparative Advantage
- c) Countertrade agreement
- d) Export Agent

16. Explain the difference in how Subway vs. how Starbucks does its business in Taiwan and the pros and cons of each business model? (4 points)

Subway uses the franchising model where franchisor provides resources for the franchisee to using to open a store as long as they agree to Subway's standard of operation.

Starbucks use direct investments for its stores, where they maintain all of its control over all of its stores. (Starbucks control the menu, store's interior design, etc.)

17. Unlike offshoring, when a business uses outsourcing as its business model it usually involves what? Choose only one. (2 pts)

- a) Direct investment
- b) Subcontracting
- c) Strategic alliance
- d) MNCs

18. What is the difference between (and can you give an example of) a joint venture vs. a strategic alliance? (2 pts)

Joint Venture: One company cooperating with a foreign company for a financial advantage
- McDonalds and Coca Cola

Strategic Alliance: Companies cooperative to provide their goods/ services an advantage from a worldwide basis
- United Airlines and Star Alliance

19. What is the difference between a company using a multinational strategy vs. a global strategy? (2 pts)

Multinational strategy:
• Involves companies from different countries cooperating to produce a certain good/service
• Overcomes Trade Barriers between countries

Global Strategy (Globalization):
• Involves the expansion of one company to a global scale
• Wider range of consumers