INTRODUCTION TO BUSINESS: WHAT I ALREADY KNOW

**Directions:** Complete the following questions to the best of your ability.

\*You must put an answer down to **each** question. If you are unsure about an answer, please provide your best guess- it never hurts to try!

**Purpose(s):** To see how much you already know about business. To track how much you learn throughout the semester. To help me determine how I can best help you learn.

1. Give an example of a need **AND** give an example of a want.

**Needs are things that are required in order to live. Ex. Food, water, clean air, clothing, and shelter, good education, employment, safety, transportation, medical care, and medicines.**

**Wants add comfort and pleasure to your life. Ex. Fashion, CD, movie, large house, luxury car, etc.**

1. How is a want *different* from a need?

**A need is required in order to live. A want adds comfort and pleasure to your life.**

1. Give an example of a natural resource.

**Raw materials supplied by nature. Ex. Oil , minerals, nutrients, water, air, crops, animals, etc.**

1. *True or False.* The basic economic problem is that consumers have too many products and services to choose from. **(If true, explain why. If false, write the true statement)**

**False. The basic economic problem is that consumers have unlimited wants and needs but limited resources.**

1. Write a couple of sentences describing the United States economic system.

*[Do your best ☺]*

**Capitalism which is the private ownership of resources by individuals rather than by the government. Individual people are free to decide what to produce and what to buy or consume. Also called free enterprise or private enterprise.**

**Based on four important principles- private property, freedom of choice, profit, and competition.**

1. What is the difference between *supply* and *demand* for a good or service? [*You are doing great!]*

**Demand is the quantity of a good or service that consumers are willing and able to buy.**

**Supply refers to the quantity of a good or service that businesses are willing and able to provide.**

1. *Circle the correct answer.* If the number of businesses offering a product increases, the price of the product
2. Usually increase as well
3. Are not affect so will usually not change
4. Usually will decrease
5. There is no way to predict what will happen to prices due to competition

**C. Usually will decrease**

1. Explain why you put the answer you did for number 7. ☺

**More businesses are supplying the product so supply is likely greater than demand. Businesses want to sell the product so they will drop the price.**

1. What is GDP? *[If necessary, put your best guess!]*

**Gross Domestic Product—total dollar value of all final goods and services produced in a country during one year. Pg. 34**

1. Name as many phases as you can of the business cycle. \*Hint: It has 4 phases.

**Prosperity, recession, depression, and recovery**

1. What is inflation?

**An increase in the general level of prices. During inflation the buying power of a dollar decreases which means that one dollar buys less.**

1. *Circle the correct answer.* Equity refers to
2. Reduced spending by the government
3. Ownership in a company or other asset
4. Borrowing to finance a capital project
5. Increased government taxes

**B. Ownership in a company or other asset**

1. Why did you put the answer you did for number 12? ☺

**Equity is stock ownership. People buy a stock and in doing so buy a part ownership in a company.**

1. Write a couple of sentences explaining *international business*.

**International business refers to business activities needed for creating, shipping, and selling goods and services across national borders.**

***May discuss importing and exporting activities.***

1. What is one advantage of doing international business? [*You are getting there!]*

**Consumers have a large amount of goods available and usually at a lower price. Career opportunities arise. Also fosters communication and respect among people of different nations.**

1. What is social responsibility? Give an example.

**Social responsibility refers to the duty of a business to contribute to the well-being of a community. Examples include environmental protections, workplace diversity, job safety, employee wellness, etc.**

1. Write a couple of sentences describing anything you know about the U.S. job market.

**Employment has grown in the last 10 or so years. Baby boom generation dominates. More diverse workplace.**

1. One type of business ownership is a proprietorship (a business owned and run by just one person). Name and describe the other *two*. *[Do your best!]*

**Partnership is a business owned and controlled by two or more people who have entered into an agreement.**

**A corporation is a separate legal entity formed by documents filed with a state. It is owned by one or more shareholders and managed by a board of directors.**

1. What is franchise? Can you give an example of one?

**A franchise is a written contract granting permission to operate a business to sell products and services in a set way. Ex. McDonalds**

1. *True or False.* Everyone who owns or manages a business is an entrepreneur. **(If true, explain why. If false, write the true statement)**

**False. Not everyone who owns or manages a business is an entrepreneur. An entrepreneur is someone who takes a risk in starting a business to earn a profit.**