

Introduction to Business

Chapter 2: Economic Resources and Systems

Chapter Practice Review Quiz

1. What is scarcity?
 - A. unlimited wants and needs
 - B. a shortage of resources
 - C. a lack of goods and services
 - D. limited expenses
2. Which is NOT a factor of production?
 - A. natural resources
 - B. labor
 - C. capital
 - D. the marketplace
3. Which statement about natural resources is true?
 - A. Water is renewable because it can be reproduced.
 - B. Lumber is not renewable because it takes a long time to grow new trees.
 - C. Coal is renewable because there is so much of it still in the ground.
 - D. Agricultural products are renewable because new crops can be grown each season.
4. Which statement about natural resources is NOT true?
 - A. Natural resources can be processed to make goods.
 - B. The amount of natural resources available to a society has little effect on its economy.
 - C. Synthetic materials such as nylon can be made from natural resources.
 - D. Countries that have scarce natural resources must get them from somewhere else.
5. Which means the same as *human resources*?
 - A. capital resources
 - B. service providers
 - C. labor resources
 - D. unskilled workers
6. Which is an example of a capital resource?
 - A. a machine used to make molded plastic toys
 - B. a customer service representative
 - C. money borrowed from a bank
 - D. the president of a company
7. Which is most likely to profit from society's changing wants and needs?
 - A. a business with existing capital resources
 - B. a producer of goods
 - C. an entrepreneur
 - D. a business with substantial labor resources.
8. Which refers to how people satisfy their needs and wants by making choices?
 - A. entrepreneurship
 - B. economics
 - C. equilibrium
 - D. opportunity
9. What is *opportunity cost*?
 - A. the income people receive by taking risks
 - B. giving up the chance to use a resource for one thing instead of another
 - C. the methods and labor used to produce a good
 - D. the income people have to purchase goods and services

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10. What are two basic types of economic systems?
- A. supply and demand
 - B. competition and profit
 - C. private enterprise and free enterprise
 - D. market economy and command economy
11. Which is a characteristic of capitalism?
- A. Resources are privately owned.
 - B. Resources are shared equally.
 - C. There is an even distribution of income.
 - D. Prices are determined by government planners.
12. Which is true about people working in a market economy who have labor skills that are in demand?
- A. Their earnings are the same as other workers their age.
 - B. Their incomes tend to be lower than others whose skills are not in demand.
 - C. Their incomes tend to be higher than others whose skills are not in demand.
 - D. Their earnings are not related to demand.
13. Which is most important in determining the price of a product or service?
- A. profit and competition
 - B. business owners' preferences
 - C. equilibrium pricing
 - D. supply and demand
14. Which is most likely to happen when the price for a good or service is high?
- A. demand falls
 - B. profits rise
 - C. supply increases
 - D. competition decreases
15. Which is a characteristic of socialism?
- A. Individuals own all major resources.
 - B. Major industries are government owned.
 - C. There is little choice for consumers.
 - D. There is no incentive to create better products.