

Be Your Own Boss

You are planning to open a sandwich shop. You begin to think about the four functions of business—production, marketing, management, and finance. Describe how each function will apply to your business. Explain how the functions will work together to ensure you run a successful sandwich shop. Prepare 2 PowerPoint slides with your thoughts and be prepared to share your ideas with your classmates. Email the PowerPoint as an attachment.



Think Critically

1. How does the type of economy affect the way the basic economic questions are answered?

2. What factors affect economic choices?

True or False

- _____ 1. Scarcity occurs when people’s needs and wants are unlimited and the resources needed to produce the goods and services to meet those needs and wants are limited.
- _____ 2. Opportunity cost is the cost of the last alternative.
- _____ 3. The functions of business operate independently of each other.
- _____ 4. A market economy is based on personal choice.
- _____ 5. Traditional economies are used in developed countries.
- _____ 6. A mixed economy often results when a country shifts away from a command economy toward a market economy but still has government involvement in the marketplace.
- _____ 7. Communism is another name for the economic system in the United States.
- _____ 8. The rivalry among businesses to sell their goods and services is called competition.
- _____ 9. The value of the next-best economic alternative is the tradeoff cost.
- _____ 10. A marketing mix is a combination of product, distribution, price, and promotion.

Multiple Choice

- _____ 1. Scarcity exists because (a) there are different types of economies, (b) there are too many people in the world, (c) resources are limited, (d) some products are expensive to produce.

- _____ 2. Scarcity occurs (a) only in command economies, (b) in every economy, (c) only in traditional economies, (d) only in mixed economies.
 - _____ 3. In a command economy, (a) there is very little choice in what is available, (b) people are not always able to obtain exactly what they want, (c) the government determines what products and services are produced, (d) all of these.
 - _____ 4. In a market economy, individual choice (a) does not influence how items are produced, (b) creates the market for a good or service, (c) has no effect on production, (d) creates scarcity.
 - _____ 5. Today, China operates under a (a) mixed economy, (b) traditional economy, (c) market economy, (d) command economy.
 - _____ 6. The U.S. economic system is based on all of the following principles except (a) private property, (b) freedom of choice, (c) government control, (d) competition.
 - _____ 7. All of these are a function of business except (a) production, (b) management (c) opportunity cost, (d) finance.
 - _____ 8. Competition performs all of the following functions in the U.S. economy except (a) it eliminates economic scarcity, (b) it forces businesses to improve products, (b) it helps keep the cost of products low, (d) it spurs businesses to provide good customer service.
 - _____ 9. All of the following are components of the marketing mix except (a) product, (b) distribution, (c) competition, (d) price.
 - _____ 10. Setting business goals would be considered primarily a function of (a) marketing, (b) production, (c) management, (d) finance.
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Problem Solving

1. Explain the difference between a market economy and a command economy.

2. Explain the four basic principles upon which the U.S. economy is based. Then tell which of these principles you think is the most distinctly "American." Explain your answer.

3. Identify at least three businesses in your community that are competitors. Then tell which of these businesses you prefer and why.