



JA Economics®

Quiz: Post-Theme 1.3: Business Decisions

Circle the best answer for each question.

1. **After running a lawn mowing business all summer, Shawn determines that his total revenue was \$3,568 and his total cost was \$493. Using the profit equation, calculate Shawn's profit for the summer.**
 - a. \$3,075
 - b. \$3,750
 - c. \$4,061
 - d. \$0
2. **In Shawn's lawn mowing business, the money he spends each week on the lawn mower, weed eater, and leaf blower would be considered which factor of production?**
 - a. land
 - b. labor
 - c. capital
 - d. entrepreneurship
3. **Last season, a potato farmer experienced a financial loss after producing more than was demanded by consumers. Which method should the farmer follow to determine her best course of action?**
 - a. Search for lower cost resources.
 - b. Survey consumers to find the highest price they are willing to pay.
 - c. Compare the benefits and costs of decreasing production.
 - d. Compare the opportunity cost of producing a different crop with producing potatoes.
4. **When a business has no more competition, _____.**
 - a. prices go up
 - b. options increase
 - c. customer service gets better
 - d. customers benefit

5. **From a profit perspective, which production alternative best enables an ice-cream business to adjust to a change in the weather from summer to winter?**
- a. Increase the variety of flavors.
 - b. Add warm items to the menu.
 - c. Decrease the number of hours it is open.
 - d. Reduce the number of staff.
6. **From August through October, a business spent \$5,000 to produce 5,000 boxes of crayons. It sold 4,000 boxes of crayons for \$5 each. What is its profit margin?**
- a. 5%
 - b. 40%
 - c. 75%
 - d. 80%
7. **In Burgertown, there are five burger restaurants. Jimmy's Burger Restaurant uses locally produced beef, whereas the other four restaurants use beef produced from all over the world. Jimmy's Burger Restaurant is able to charge a higher price for its burgers than the other four restaurants. Based on this scenario, which market condition(s) must be true?**
- a. There is a limited supply of Jimmy's burgers.
 - b. Consumers value local beef more than other sources of beef.
 - c. Local demand for burgers is high.
 - d. all of the above
8. **When a business decides to focus its efforts on producing only a few goods, the business is _____.**
- a. going to fail
 - b. not taking the necessary risks for success
 - c. specializing to keep costs down
 - d. preventing competitors from noticing the new business
9. **What is one of the goals of the United States' market economy?**
- a. low education costs
 - b. publicly funded health care
 - c. price stability
 - d. equal pay

10. Which statement accurately describes relationships between some of the goals of a market economy?

- a. Economic freedom creates the conditions necessary for economic growth, which then promotes full employment.
- b. Economic security creates the conditions necessary for price stability, which then promotes economic equity.
- c. Full employment creates the conditions necessary for economic equity, which then promotes economic security.
- d. all of the above