

JA Economics®

Quiz: Post-Theme 1.4: Entrepreneurship and Business Ownership

Circle the best answer for each question.

1. **An entrepreneur discovers an innovative way to satisfy a want that consumers value. Which factor for entrepreneurial success did the entrepreneur demonstrate?**
 - a. identifying a product
 - b. determining a price
 - c. making data-driven decisions
 - d. comparing benefits and costs
2. **Which word describes an entrepreneur?**
 - a. indecisive
 - b. adaptable
 - c. follower
 - d. unmotivated
3. **Why are entrepreneurs important to the economy as a whole?**
 - a. They generate innovative solutions to problems faced by consumers.
 - b. They prevent competition.
 - c. They limit the choices available to consumers.
 - d. They create ways for individuals in the economy to become wealthy without risk.
4. **Which reason best explains why new, innovative products tend to generate a higher price and profit?**
 - a. The products satisfy a want or need at a price consumers value.
 - b. There are high upfront costs of developing the products.
 - c. Many consumers desire the products, but few are available.
 - d. Few competitors are in the market.

5. **The virtual reality (VR) headset industry has only a few producers that compete with one another. Which effect would occur as new sellers enter the market?**
- a. The price of VR headsets would increase.
 - b. The price of VR headsets would decrease.
 - c. The cost of producing VR headsets would increase.
 - d. The cost of producing VR headsets would remain the same.
6. **A business that continues to find ways to improve their products while lowering costs will limit the effects of which stage in its life cycle?**
- a. startup
 - b. high growth
 - c. decline
 - d. innovation
7. **Which statement best explains why innovation is considered destructive as well as beneficial to the economy?**
- a. Innovation leads to a decrease in the variety of goods in a market.
 - b. Innovation causes traditional means of employment to decline.
 - c. Innovation provides a disincentive for others to innovate.
 - d. Innovation lowers the perceived quality of other goods.
8. **For both partnerships and proprietorships, owners face the risk of losing which aspect of their business?**
- a. business assets
 - b. personal assets
 - c. original investment
 - d. all of the above
9. **Which is the most common form of business in the United States?**
- a. cooperatives
 - b. corporations
 - c. partnerships
 - d. sole proprietorships

10. Which reason best explains why small businesses, rather than large businesses, are considered by economists to drive the U.S. economy?
- a. They are more able to quickly respond to market needs.
 - b. They do not need large markets to survive.
 - c. They can produce a greater variety of goods.
 - d. They can more easily appeal to teenage shoppers.