


**Pool Canvas**

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**Name** CHAPTER 1--INTRODUCTION TO MANAGERIAL ECONOMICS

**Description**

**Instructions**

[Modify](#)

[Add Question Here](#)

Question 1 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** The primary virtue of managerial economics lies in its:

**Answer**

- logic.
- usefulness.
- consistency.
- mathematical rigor.

[Add Question Here](#)

Question 2 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** Managerial economics cannot be used to identify:

**Answer**

- how macroeconomic forces affect the organization.
- goals of the organization.
- ways to efficiently achieve the organization's goals.
- microeconomic consequences of managerial behavior.

[Add Question Here](#)

Question 3 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** The value-maximizing organization design does not involve the:

**Answer**

- assignment of decision rights.
- matching of worker incentives with managerial motives.
- development of mechanisms for decision management and control.
- establishment of the regulatory environment.

[Add Question Here](#)

Question 4 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** Business profit is:

**Answer**

- the residual of sales revenue minus the explicit accounting costs of doing business.
- a normal rate of return.
- economic profit.
- the return on stockholders' equity.

[Add Question Here](#)

Question 5 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** In a free market economy, the optimal quality of goods and services is determined by:

**Answer**

- workers.
- firms.
- government.
- customers.

[Add Question Here](#)

Question 6 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** Managers who seek satisfactory rather than optimal results:

**Answer**

- take actions that benefit parties other than stockholders.
- are insensitive to social constraints.
- are insensitive to self-imposed constraints.
- increase allocative efficiency.

[Add Question Here](#)

Question 7 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** Nonvalue-maximizing behavior is most common:

**Answer**

- in vigorously competitive markets.
- when shareholders are poorly informed.
- when managers own a significant ownership interest.
- in the production of goods rather than services.

[Add Question Here](#)

Question 8 **Multiple Choice** **0 points**

[Modify](#) [Remove](#)

**Question** Government regulation is important because government:

**Answer**

- regulation reduces public-sector employment.
- produces most of society's services output.
- produces most of society's material output.

✓ uses scarce resources.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 9

**Multiple Choice**

**0 points**

**Question** The share of revenues paid to suppliers does not depend upon:

- Answer**
- resource scarcity.
  - input market competition.
  - ✓ output market competition.
  - relative productivity.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 10

**Multiple Choice**

**0 points**

**Question** Warren Buffett looks for "wonderful businesses" that feature:

- Answer**
- ongoing innovation.
  - large capital investment.
  - ✓ consistent earnings growth.
  - complicated business strategies.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 11

**Multiple Choice**

**0 points**

**Question** To maximize value, management must:

- Answer**
- maximize short run revenue.
  - minimize short run average profit.
  - ✓ maximize long run profit.
  - maximize short run profit.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 12

**Multiple Choice**

**0 points**

**Question** Value maximization is broader than profit maximization because it considers:

- Answer**
- total revenues.
  - total costs.
  - real-world constraints.
  - ✓ interest rates.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 13

**Multiple Choice**

**0 points**

**Question** Industry profits can be increased by constraints on:

- Answer**
- natural resources.
  - ✓ imports.
  - skilled labor.
  - worker health and safety.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 14

**Multiple Choice**

**0 points**

**Question** Managers display less than optimal behavior if they seek:

- Answer**
- to maximize leisure.
  - to maximize community well-being.
  - to maximize employee welfare.
  - ✓ an industry-average profit rate.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 15

**Multiple Choice**

**0 points**

**Question** Unfriendly takeovers have the greatest potential to enhance the market price of companies whose managers:

- Answer**
- maximize short-run profits.
  - maximize the value of the firm.
  - ✓ satisfice.
  - maximize long-run profits.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 16

**Multiple Choice**

**0 points**

**Question** Value maximization theory fails to address the problem of:

- Answer**
- risk.
  - uncertainty.
  - sluggish growth.
  - ✓ self-serving management.

◀ [Add Question Here](#)

[Modify](#) [Remove](#)

Question 17

**Multiple Choice**

**0 points**

**Question** Constrained optimization techniques are not designed to deal with the problem of:

- Answer**
- ✓ self-serving management.
  - contractual requirements.
  - scarce investment funds.
  - limited availability of essential inputs.

Question 18	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> Economic profit equals:</p> <p><b>Answer</b> ✓ normal profits plus opportunity costs.          ✓ business profits minus implicit costs.          business profits plus implicit costs.          normal profits minus opportunity costs.</p>			
Question 19	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> The return to owner-provided inputs is an:</p> <p><b>Answer</b> ✓ implicit cost.          economic rent.          entrepreneurial profit.          explicit cost.</p>			
Question 20	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> To be useful, the theory of the firm must:</p> <p><b>Answer</b> refrain from abstraction.          only consider quantitative factors.          ✓ accurately predict real-world phenomena.          rely upon realistic assumptions.</p>			
Question 21	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> The value of a firm is equal to:</p> <p><b>Answer</b> the present value of tangible assets.          the present value of all future revenues.          ✓ the present value of all future cash flows.          current revenues less current costs.</p>			
Question 22	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> The value of the firm decreases with a decrease in:</p> <p><b>Answer</b> ✓ total revenue.          the discount rate.          the cost of capital.          total cost.</p>			
Question 23	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> Direct regulation of business has the potential to yield economic benefits to society when:</p> <p><b>Answer</b> barriers to entry are absent.          ✓ there are no good substitutes for a product.          many firms serve a given market.          smaller firms are most efficient.</p>			
Question 24	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> Monopoly exploitation is reduced by regulation that:</p> <p><b>Answer</b> ✓ enhances product-market competition.          increases the bargaining power of workers.          increases the bargaining power of employers.          restricts output.</p>			
Question 25	<b>Multiple Choice</b>	<b>0 points</b>	<a href="#">Add Question Here</a> <a href="#">Modify</a>   <a href="#">Remove</a>
<p><b>Question</b> A typical annual rate of return on invested capital is:</p> <p><b>Answer</b> 5%.          ✓ 10%.          15%.          20%.</p>			
			<a href="#">Add Question Here</a> <div style="text-align: right;"><a href="#">OK</a></div>