

# What is Business?

## Worksheet

A business is an organization that produces or exchanges goods and services for profit, combining resources (land, labor, capital, entrepreneurship) to meet the needs and wants of customers.

## Questions

1. What is the primary goal of most businesses?
  - A) To spend as much money as possible
  - B) To earn a profit by meeting customer needs
  - C) To avoid all competition
  - D) To operate without any resources
2. Which of these is an economic resource used by businesses?
  - A) Weather
  - B) Capital
  - C) Luck
  - D) Advertising slogans
3. A bakery that sells bread is an example of which type of business?
  - A) Service business
  - B) Goods-producing business
  - C) Non-profit organization
  - D) Government agency
4. What distinguishes a sole proprietorship from a corporation?
  - A) A sole proprietorship has unlimited liability for the owner
  - B) A sole proprietorship is always larger
  - C) Corporations cannot make a profit
  - D) Sole proprietorships must have multiple owners
5. Identify the key elements of business in a local coffee shop.
6. Classify a business by its form: is a single owner selling handmade candles online a sole proprietorship, partnership or corporation?
7. Distinguish between a goods-producing business and a service business using two examples.
8. Define: What is a business?
9. Define: Name the four basic economic resources businesses use.
10. Define: What is the goal of most for-profit businesses?

## Answer Key

1. B) To earn a profit by meeting customer needs - Businesses aim to generate profit by producing goods/services customers value.
2. B) Capital - Capital (money, equipment, buildings) is one of the four basic economic resources, along with land, labor and entrepreneurship.
3. B) Goods-producing business - Bread is a tangible product, making the bakery a goods-producing business.
4. A) A sole proprietorship has unlimited liability for the owner - In a sole proprietorship, the owner is personally liable for all business debts, unlike a corporation's limited liability.
5. Inputs: coffee beans, milk, equipment, baristas' labor, rented space (capital) Operations: baristas brew and serve drinks following recipes and quality standards Output: cups of coffee and food items ready for sale Market exchange: customers pay for drinks, generating revenue Profit: revenue minus costs (ingredients, rent, wages) equals profit, which may be reinvested in new equipment
6. One person owns and controls the business The owner is personally liable for debts, taxed on personal income No separate legal entity is formed Conclusion: this is a sole proprietorship - the simplest and most common business form
7. Furniture manufacturer: produces a tangible, storable product (a chair) that customers can inspect before buying Hair salon: provides an intangible service (a haircut) that is consumed as it is produced and cannot be stored Key difference: goods are tangible and inventoried; services are intangible and delivered in real time
8. An organization that produces or exchanges goods and services for profit, using resources to meet customer needs.
9. Land (natural resources), labor, capital, and entrepreneurship.
10. To earn a profit by providing value that customers are willing to pay for.

### **Bounlu**

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