

Making Smart Decisions

Name _____

Date _____ Period _____ Score _____

Chapter 5 Test

Matching: Match the following terms and identifying phrases.

- | | |
|--|----------------------------|
| _____ 1. A system that guides a person's behavior and provides a sense of direction in his or her life. | A. cost-benefit principle |
| _____ 2. The idea that an action should be taken or a purchase made only if the benefits are at least as great as the costs. | B. decision-making process |
| _____ 3. A moral principle or belief that directs a person's actions. | C. ethic |
| _____ 4. The change in total cost of using one more unit. | D. goal |
| _____ 5. Beliefs and principles about what is important or desirable. | E. management |
| _____ 6. The change in total benefit of using one additional unit. | F. marginal benefit |
| _____ 7. A method of choosing a course of action after evaluating information and weighing the costs and benefits of alternative actions and their consequences. | G. marginal cost |
| _____ 8. An established measure of quantity, value, quality, or excellence. | H. priority |
| _____ 9. A goal or value that is given more importance than other goals or values. | I. resource |
| _____ 10. An objective a person wants to attain. | J. standard |
| _____ 11. The process of organizing and utilizing resources to accomplish predetermined objectives. | K. value system |
| | L. values |

True/False: Circle *T* if the statement is true or *F* if the statement is false.

- T F 12. By managing your financial resources, you control the dollars that pass through your hands.
- T F 13. Management involves identifying resources, setting goals, making decisions, solving problems, and evaluating results.
- T F 14. Needs are items that you would like to have.
- T F 15. Everyone has the same values.
- T F 16. Ethics often conform to accepted standards of right and wrong.
- T F 17. Goals are usually closely related to values.
- T F 18. When you have conflicting goals, you will need to set priorities.
- T F 19. A clear understanding of your standards, priorities, and goals leads to wise consumer decisions.
- T F 20. Financially mature individuals think they can afford everything they want.
- T F 21. Management simply involves making decisions and solving problems.

(Continued)

Name _____

T F 22. Flexibility helps you adjust to new and unexpected situations.

T F 23. Evaluation is a continuous function.

Multiple Choice: Choose the best response. Write the letter in the space provided._____ 24. Which of the following is *not* a good question to help you prioritize your goals?

- A. How does the goal compare with goals of friends and peers?
- B. Is the goal realistic and possible?
- C. What will achieving the goal cost in time, money, and effort?
- D. Will I still want the goal by the time I am able to achieve it?

_____ 25. When planning the use of resources, it is important to consider that resources are _____.

- A. scarce
- B. manageable
- C. related to each other
- D. All of the above.

_____ 26. A clear understanding of your needs and wants, values and goals, priorities, and standards tends to _____.

- A. help you be more popular
- B. help you make informed decisions
- C. increase your uncertainty in the marketplace
- D. make you self-centered

_____ 27. Eating the same food at lunch every day is a choice made _____.

- A. by rational choice
- B. on impulse
- C. out of habit
- D. to please others

_____ 28. An effective way to deal with important problems and choices is to make decisions _____.

- A. just to please others
- B. using systematic or rational decision making
- C. out of habit
- D. on the spur of the moment

_____ 29. The decision-making process involves all *except* _____.

- A. defining the problem and exploring the alternatives
- B. getting advice from at least five friends
- C. choosing the best alternatives and acting on the decision
- D. evaluating the decision

(Continued)

Name _____

- _____ 30. Success during the action phase of management depends on _____.
- A. the ability to give up
 - B. not dealing with unexpected situations
 - C. determination and flexibility
 - D. All of the above.

Essay: Provide complete responses to the following questions or statements.

- 31. Give one example each of ethical behavior and unethical behavior.
- 32. Give an example of a time you had to prioritize.
- 33. List three ways people arrive at decisions instead of thinking and planning and give two examples of each.