Study GUIDE  
Exam #2 covers chapters 16, 17, 6, 7, and 8   
I will also review the actual (yes, actual) exam in class, so don’t miss class. In fact, did you know there are awards at the end of the semester for those students with perfect (including on-time) attendance??? **No cash prizes, though. ☺**

**Thanks for the honor to teach you. Ms. B**

*You will get out of this class what you put into it. Promise. It’s kind of that way in life, too.*

Oh yeah, and please hold yourself accountable. Look up “self-serving bias.” We all know what this means.

Chapter 6

* Define entrepreneur
* How do entrepreneurs differ from small business owners?
* What are the three categories of entrepreneurs?
* Why do people choose entrepreneurship as a career (four main reasons)?
* What is a lifestyle entrepreneur?
* How has globalization created opportunities for entrepreneurs?
* What educational opportunities are there for entrepreneurs?
* What is meant by vision?
* What characteristics of entrepreneurs are important?
* How do entrepreneurs deal with failure? Locus of control?
* How should an entrepreneur choose a new business/venture idea?
* What is seed capital?
* Explain the difference in debt vs. equity financing
* Define and provide examples (look up) of intrapreneurship
* Who are angel investors?

Chapter 7

* Define management and the three levels of management (structure)
* What are the four functions of managers? Explain and provide an example for each
* What is vision?
* Define a company’s mission statement – and its purpose
* What would a SWOT analysis be used for?
* What is a SWOT analysis?
* Explain the decision making process/steps
* What are objectives?
* Define and provide examples of corporate culture? Why is it important?
* What are different types of departmentalization? Which is most common?
* Understand how companies departmentalize and break why work is broken into smaller units
* Explain why delegation and employee empowerment is important
* What are the three main types of leadership styles, and which is best?
* What are different types of strategies?

Chapter 8

* What functions do Human Resource managers perform?
* What do HR managers do and what are their overall objectives?
* What are some recruiting techniques used by HR managers? Which are the most popular?
* What is the EEOC and what is its function?
* What would a new employee orientation look like?
* What would a company’s training program look like and what would be the objective of a training program? What opportunities does a training program provide?
* Why are performance appraisals important? What are some types of performance appraisals?
* What is the criteria of an effective performance appraisal?
* What is the difference between wages, salaries, incentive pay systems, and benefits?
* What is a flexible benefit plan?
* What are four types of flexible work plans? What are the advantages and disadvantages of each? How do they work?
* Discuss employee separation – and voluntary and involuntary turnover
* On what five factors are compensation policies usually based?
* What is on-the-job training?
* What are three employee benefits required by law?
* What are some reasons an employee might be terminated?
* What are some different methods for motivating employees?
* What is goal setting theory? What is expectancy theory?
* What is Maslow’s hierarchy of needs and how do they relate to employee motivation?
* ***There will be no questions on labor unions***

**Chapter 16**

* Define the financial system
* Understand the components of the financial system
* What are some types of securities?
* What is a money market instrument?
* What is a bond?
* What is common stock? Preferred stock?
* What is a financial market? What is an IPO?
* What is the difference between a primary and secondary market?
* What is a stock market? How are stocks traded?
* What is the NYSE? What are some other markets?
* What is an ECN?
* What is the role of a financial institution?
* What is the role of a commercial bank?
* How do banks operate?
* What should you do when your credit gets pulled?
* What is electronic banking?
* What is online banking?
* What is the role of the FDIC?
* **Chapter 17**
* What is finance?
* What is a financial manager?
* What is the concept of risk-return tradeoff?
* What is the purpose of a financial plan and what are three questions to answer when doing a plan?
* What is the difference between short-term and long-term assets?
* What are accounts receivable?
* Why is managing inventory important?
* Explain capital investment analysis
* Discuss capital structure
* Discuss how the principle of leverage impacts capital decisions.
* Study and understand the chart on 470
* Explain a company’s legal obligation to pay dividends (dividend policy).
* Discuss the importance of trade credit to the survival of a small business (what happens if trade credit is cut-off?)
* Discuss various sources and options of long-term financing
* What is a venture capitalist?
* What is a private placement?