Test Bank for Canadian Entrepreneurship and Small Business Management CDN 10th Balderson

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MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Small businesses tend to be:
A) balanced between labour and capital intensity.
B) labour intensive.
C) capital intensive.
D) none of the answers are correct.
Answer: B

2) Which of the following is not an advantage of small business ownership?
A) More free time
B) Skill development
C) Independence
D) Challenge
Answer: A

3) The risks of self-employment include all but which of the following?
A) Work more than 9-5 schedule
B) Income uncertainty
C) The business takes over the life of the owner.
D) Guaranteed income
Answer: D

4) The primary reason most people start their own business is to:
A) earn large sums of money.
B) build for their family.
C) use their skills/abilities.
D) gain independence.
Answer: D

5) In which phase is entrepreneurship most important?
A) Hiring of key employees
B) Start-up process
C) Maintaining a positive cash flow
D) Building a sufficient customer base
Answer: B

6) The entrepreneurial start-up process begins with:
A) an innovative idea that is refined as the idea is thought through.
B) a visit to the banker for start-up funds.
C) a visit to the library for more information on the business.
D) a visit to a business professor for advice.
Answer: A

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7) The ability to see, conceive, and create new and unique products/services is:
A) risk-taking.
B) product development.
C) locus of control.
D) innovativeness.
Answer: D

8) Personal characteristics of successful entrepreneurs include:
A) risk-taking and perseverance.
B) having a business degree.
C) perseverance.
D) risk-taking and access to financial resources.
Answer: A

9) Entrepreneurial traits include:
A) being a team player.
B) works through others.
C) developing strategy.
D) creativity.
Answer: D

10) Profit Magazine found that owners of small- and medium-sized businesses on average worked:
A) 45 hours per week.
B) 60 hours per week.
C) 54 hours per week.
D) 40 hours per week.
Answer: C

11) Even though they own their own businesses, entrepreneurs must still answer to:
A) neighbours.
B) customers and suppliers.
C) their boss.
D) no one.
Answer: B

12) Which of the following is not a primary cause of small business failure?
A) Lack of financial capacity
B) Lack of understanding financial information
C) Incompetence and inexperience
D) Floods and tornados
Answer: D

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13) The major causes of business failure include:
A) growing too quickly.
B) a manager not holding a business degree.
C) number of competitors.
D) a type of small business.
Answer: A

14) Which of the following is not a characteristic of a successful small business?
A) High operating expenses
B) Thoroughness with operating details
C) Ability to attract and hold employees
D) Alertness to change
Answer: A

15) Which of the following is not an external shock that can negatively affect small business success?
A) Downturn in the economy
B) Poorly planned expansion
C) Changes in interest or currency rates
D) Loss of suppliers
Answer: B

16) Specific areas of managerial incompetence contributing to small business failure include:
A) company management does not ask for help.
B) lack of financial skill.
C) poor or non-existent management information systems.
D) all of the answers are correct.
Answer: D

17) Entrepreneurial skills are required to:
A) maintain a business.
B) sell the business.
C) start a business.
D) solidify existing operations.
Answer: C

18) Managerial traits include:
A) risk-taking.
B) innovativeness.
C) skills in several functional areas.
D) creativity.
Answer: C

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19) In which situation would it be the most appropriate to utilize managerial skills?
A) Generating solutions to problems
B) Adding new products to the line
C) Generating ideas
D) Maintaining control of operations
Answer: D

20) Managerial skills are required to:
A) expand product lines.
B) develop new ideas.
C) start a business.
D) maintain a business.
Answer: D

21) Which of the following is not an entrepreneurial trait?
A) Innovativeness
B) Independence
C) Flexibility
D) Teamplayer
Answer: D

22) Which of the following is not one of the Ten Commandments for intrapreneur success?
A) Ask for resources before asking for advice
B) Honour your sponsor
C) Come to work each day willing to be fired
D) Share credit wisely
Answer: A

23) The primary motives of an intrapreneur are:
A) Independence, ability to advance, and gain corporate rewards.
B) independence, opportunity to create, and money.
C) recognition, staff, and promotion.
D) promotion and other traditional corporate rewards such as office, staff, and power.
Answer: A

24) Many large organizations realize that to remain competitive, they need to encourage:
A) intrapreneurial activity.
B) confidence-building activity.
C) risk-taking activity.
D) entrepreneurial activity.
Answer: A

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25) The time orientation of an entrepreneur is:

A) short term–meeting quotas and budgets, weekly, monthly, quarterly, and the annual planning horizon.

B) survival and achieving a 5-10 year growth of the business.

C) long term (15-20 year plan)–to ensure continued growth of business.

D) medium term (two to four years)–depending on the urgency to meet self-imposed and corporate timetable.

Answer: B

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