Test Bank for Canadian Entrepreneurship and Small Business Management CDN 11th Balderson

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Chapter 02
The Small Business Decision

Multiple Choice Questions

1. Small businesses tend to be
A. labour intensive.
B. capital intensive.
C. balanced between labour and capital intensity.
D. successful.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-03 Disadvantages of Small Business Ownership

2. Which is not an advantage of small business ownership?
A. Independence
B. Challenge
C. Skill development
D. More free time

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-02 Advantages of Small Business Ownership

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3. The risks of self-employment include all of these EXCEPT
A. income uncertainty.
B. work more than 9-5 schedule.
C. the business takes over the life of the owner.
D. guaranteed income.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-03 Disadvantages of Small Business Ownership

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-02 Advantages of Small Business Ownership

5. SmartHalo's owners chose to skip traditional market research, and
A. bring their products directly to market using a crowd-funding site.
B. chose to look online to see if there were any similar products on the market.
C. hired a marketing firm to conduct their own marketing research.
D. manufactured thousands of the product hoping that they would sell.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-01 The Small Business Decision: Personal Evaluation

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6. In a recent RBC poll on Canadian Entrepreneurship, of the roughly 54 percent of Canadians with entrepreneurial intentions, what percent had already been earning money entrepreneurially?
A. 25
B. 37
C. 56
D. 72

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-01 The Small Business Decision: Personal Evaluation

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.
Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.
Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs

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9. Entrepreneurial traits include
A. risk adverse.
B. being a team player.
C. self-confidence.
D. works through others.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.
Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs

10. A recent significant trend is that the greatest growth of small business start-ups come from those who have
A. family money.
B. post-secondary education.
C. internet programming skills.
D. interesting names.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.
Topic: 02-04 Demographic Characteristics of Entrepreneurs

11. Quite often, entrepreneurs tend to be
A. lawyers of family owned businesses.
B. children of parents that owned their own businesses.
C. not well educated.
D. limited to people between 30 and 50 years of age.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.
Topic: 02-04 Demographic Characteristics of Entrepreneurs

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12. Profit Magazine found that owners of small- and medium-sized businesses on average worked
A. 65 hours per week.
B. 54 hours per week.
C. 46 hours per week.
D. 40 hours per week.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.
Topic: 02-03 Disadvantages of Small Business Ownership

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

Accessibility: Keyboard Navigation
Difficulty: Hard
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-07 Small Business Successes

14. Which of these is NOT a primary cause of small business failure?
A. Incompetence and inexperience
B. Lack of financial capacity
C. Management shows weakness by asking for help
D. Lack of understanding financial information

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-08 Small Business Failures

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-08 Small Business Failures

16. Which is NOT a characteristic of a successful small business?
A. High operating expenses
B. Alertness to change
C. Ability to attract and hold competent employees
D. Thoroughness with operating details

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-07 Small Business Successes

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

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-08 Small Business Failures

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18. Which of these is NOT a specific area of managerial incompetence that contributes to small business failure?
A. Lack of financial skill
B. Poor or non-existent management information systems
C. Company management does not ask for help
D. Excessive controls on management expenses

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.
Topic: 02-08 Small Business Failures

19. Entrepreneurial skills are required to
A. maintain a business.
B. start a business.
C. solidify existing operations.
D. sell the business.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.
Topic: 02-10 Entrepreneurial Skills

20. Managerial small business skills traits include
A. creativity.
B. skills in several functional areas.
C. innovativeness.
D. risk-taking.

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.
Topic: 02-11 Managerial Skills

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

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.
Topic: 02-11 Managerial Skills

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.
Topic: 02-11 Managerial Skills

23. Which of these is NOT an entrepreneurial trait?
A. Flexibility
B. Innovativeness
C. Team player
D. Independence

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.
Topic: 02-10 Entrepreneurial Skills

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

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Describe entrepreneurial development in large businesses.
Topic: 02-12 Entrepreneurial Success in Large Businesses

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

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Describe entrepreneurial development in large businesses.
Topic: 02-12 Entrepreneurial Success in Large Businesses

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

Accessibility: Keyboard Navigation
Difficulty: Easy
Learning Objective: 02-05 Describe entrepreneurial development in large businesses.
Topic: 02-12 Entrepreneurial Success in Large Businesses

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27. The decision-making style of an intrapreneur is
A. usually agree with those in upper management positions.
B. disagree with upper management decisions.
C. able to get others to agree to help achieve a dream.
D. follow dream with decisions.

Accessibility: Keyboard Navigation
Difficulty: Medium
Learning Objective: 02-05 Describe entrepreneurial development in large businesses.
Topic: 02-12 Entrepreneurial Success in Large Businesses

28. The time orientation of an entrepreneur is
A. short term-meeting quotas and budgets, weekly, monthly, quarterly, and the annual planning horizon.
B. medium term (two to four years)-depending on the urgency to meet self-imposed and corporate timetable.
C. long term (15-20 year plan)-to ensure continued growth of business.
D. survival and achieving a 5-10 year growth of the business.

Accessibility: Keyboard Navigation
Difficulty: Medium
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