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MCQs with answers

Chapter 2: Entrepreneurship and small firms

1.According to the chapter, _____ are individuals who start new business ventures.

a. Employees

b. Innovators

c. Entrepreneurs

d. Inventors

Ans: C

2. According to the French economist, Jean Baptiste Say, entrepreneurs are defined as individuals who:

a. Reduce costs of abundant resources

b. Add value to abundant resources

c. Reduce costs of scarce resources

d. Add value to scarce resources

Ans: D

3. In introducing innovations, entrepreneurs destroy existing markets and create new ones. This is Schumpeter's idea of_____:

a. Creative destruction

b. Commercialization

c. Creative creation

d. Invention

Ans: A

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4. Individuals who hold or have held a minority or majority ownership stake in two or more firms, at least one of which was established or purchased are called_____:

a. Novice entrepreneurs

b. Solo entrepreneurs

c. Corporate entrepreneurs

d. Habitual entrepreneurs

Ans: D

5. Large firms like GE and Motorola are increasingly employing entrepreneurial thinking to enhance their futures. This phenomenon is an example of_____:

a. Technical entrepreneurship

b. Academic entrepreneurship

c. Social entrepreneurship

d. Corporate entrepreneurship

Ans: D

6. _____ of entrepreneurship propose that entrepreneurs perceive market gaps or identify unnoticed opportunities.

a. Cognitive theories

b. Personality theories

c. Psycho-sociological theories

d. Network theories

Ans: A

7. All of following are qualitative features of small firms, except:

a. Small number of employees

b. Informal culture

c. Lack of market power

d. Informal structure and organization

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Ans: A

8. _____are microenterprises that permit their owners to follow a desired pattern of living based on their passion.

a. Salary-substitute firms
b. Micro firms
c. Lifestyle firms
d. Entrepreneurial firms

Ans: C

9. According to the chapter, small firms face a number of disadvantages in trying to be innovative. These include the lack of:

a. Financial resources
b. Human resources
c. Technical resources
d. All of these

Ans: D

10. Small and Medium-Sized Enterprises (SMEs) are small firms with 500 or fewer employees in:

a. India
b. Europe
c. USA
d. Kenya

Ans: C

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