MID-TERM TEST\_ECONOMICS & ORGANIZATION OF ENTERPRISES 2017/18 Name and Surname:…………………………………………………………………………………….

I. Answer only 1 question. (max. 3 points)

1. What the entrepreneurship process is about? What are the main drawbacks of entrepreneurship?

Step 1: Deciding to become an entrepreneur.

Step 2: Developing successful business ideas.

Step 3: Moving from an idea to an entrepreneurial firm.

Step 4: Managing and growing the entrepreneurial firm.

main drawbacks of entrepreneurship:

- Uncertainty of income

- Risk of losing your entire investment

- Long hours and hard work

- Lower quality of life until the business gets established

- High levels of stress

- Complete responsibility

- Discouragement

2. What are the main structural dimensions of an organization?

- FORMALIZATION

- SPECIALIZATION (division of labor)

- HIERARCHY OF AUTHORITY

- CENTRALIZATION

- PROFESSIONALISM

- PERSONNEL RATIO

II. True or False (T or F) (max. 14 points)

..**T**..7. Core competence refers to what sets the organization apart from others and provides it with a distinctive edge for meeting customer or client needs in the marketplace.

..**F**..8. The liability of a sole proprietor is limited to the amount of his initial capital.

..**T**.. 9. In the period of marginalization of SMEs sector their part in total employment decreased.

..**T**..10. Span of control is the number of employees who report to a single manager or supervisor and is normally influenced by departmental technology.

..**F**..11. There is no legal limitation for the activity of cartels.

..**F**..12. In Poland the corporate governance model is one-tier system.

..**T**..13. A corporation is a separate legal entity apart from the individuals who own it.

..**T**..14. The most common strategy in virtual networks is outsourcing.

III. Match the right answer (max. 8 points)

1. The most complete definition of "organization" is:

a. A goal-directed entity that has members who set goals and achieve them through strategic planning.

b. An entity with identifiable permanent boundaries.

**c. Organizations are social entities that are goal-oriented; are designed as deliberately structured and coordinated activity systems, and are linked to the external environment.**

d. A business that performs work activities and contributes to its society by employing people.

2. The first Industrial Revolution brought:

a. The hegemony of small enterprises.

b. Products of very poor quality.

**c. Massive and homogeneous needs.**

d. Decrease in productivity.

Business Angels – Are individuals who invest their personal capital directly in start-ups.

1. The prototypical business angel is about 50 years old, has high income and wealth, is well educated, has succeeded as an entrepreneur, and is interested in the start-up process.
2. The number of angel investors worldwide has increased dramatically over the past decade.

WHY NEW PRODUCT FAIL?

♣ Too small a target market – must be large enough to be profitable

♣ Poor product quality/performance – product has to work adequately, meet customer needs

♣ Insignificant point of difference – product is not a great improvement on competitive offerings

♣ No protocol – clear statement of target market, its needs, what product would do

♣ Poor positioning – diet beer vs. light beer

♣ Inadequate budget – biggest reason small companies fail is inadequate capital

♣ Inadequate competitive analysis – reaction of current incumbents, products from new entrants

♣ Blinders (=“Vision”?)– company may have preconception that is never questioned. (Especially for high-tech)

♣ No Access to Market – especially difficult for smaller companies in competitive industries.

♣ Bad timing – “Better never than late.” relative to competitors, First-movers may have advantage. Relative to customer trends, may not want to be early; too much education required.

♣ Poor execution of marketing mix – wrong price, wrong distribution, wrong ad campaign. “Bad advertising kills a good product”