



UNIVERSITY OF COLOMBO, SRI LANKA

UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING

DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)
Academic Year 2019 – 3rd Year Examination – Semester 6

EN6502 – Introduction to Entrepreneurship
Multiple Choice Question Paper

09th November 2019
(ONE HOUR)

Important Instructions :

- The duration of the paper is **1 (one) hour**.
- The medium of instruction and questions is English.
- The paper has **20 questions** and **08 pages**.
- All questions are of the MCQ (Multiple Choice Questions) type.
- All questions should be answered.
- Each question will have 5 (five) choices with **one or more** correct answers.
- All questions carry equal marks.
- There will be a penalty for incorrect responses to discourage guessing.
- The mark given for a question will vary from 0 (*All the incorrect choices are marked & no correct choices are marked*) to 1 (*All the correct choices are marked & no incorrect choices are marked*).
- Answers should be marked on the special answer sheet provided.
- Note that questions appear on both sides of the paper.
If a page is not printed, please inform the supervisor immediately.
- Mark the correct choices on the question paper first and then transfer them to the given answer sheet which will be machine marked. **Please completely read and follow the instructions given on the other side of the answer sheet before you shade your correct choices.**

1) Registering a business is important because it

- (a) makes controlling it easy.
- (b) gives it a legal status.
- (c) helps it to collect money.
- (d) makes accounting easy.
- (e) is always a legal requirement.

2) Alibaba.com is a famous wholesale supplier, which sells products to other businesses. Therefore, Alibaba.com is known as a

- (a) B2B marketplace
- (b) G2C marketplace
- (c) B2C marketplace
- (d) C2C marketplace
- (e) B2G marketplace

3) Which of the following is/are benefit(s) to the economy of being an Entrepreneur?

- (a) Introduction of new goods and services through innovations
- (b) Creation of own destiny
- (c) Freedom and higher self esteem
- (d) Job creation
- (e) National development

4) Assets and liabilities of a company are shown in the statement of the balance sheet. Which of the following can be taken as a liability(ies) of a company?

- (a) Trade payable
- (b) Pre-paid electricity bill
- (c) Owner's capital
- (d) Trade receivable
- (e) Interest payable

5) Which of the following is/are (a) bad practice(s) when conducting business activities?

- (a) Empowering employees and managers to make independent decisions
- (b) Over-investment in fixed assets
- (c) Personal use of business funds
- (d) Holding regular meetings with the team members
- (e) Inadequate inventory management

6) Why should an entrepreneur prepare a budget and do forecasting in his business?

- (a) To identify more potential buyers as well as investors
- (b) To identify risk areas
- (c) To make business legally compliant
- (d) To plan and predict cash flows
- (e) To register the business

7) In the business world, resources are usually scarce or limited. All businesses have to make choices and those choices have implications. Which of the following best describe(s) the term Opportunity Cost?

- (a) It is the benefit that is missed or given up when one alternative is chosen over another.
- (b) It is the cost of an economic choice in terms of what was chosen.
- (c) It refers to the expected returns from the second-best alternative that are foregone due to the scarcity of resources.
- (d) It is a cost center which is a part of an organization to which costs may be charged for accounting purposes.
- (e) It is the value of a forgone activity or alternative when another item or activity is chosen.

- 8) When an entrepreneur explores his/her skills, abilities, and interests as a means of identifying the type of business to enter, that process is known as the:

- (a) Inside-out approach
- (b) Serendipity approach
- (c) Rational approach
- (d) Mid-term approach
- (e) Biological approach

- 9) Consider the following statements regarding market segmentation.

- (i) It helps firms to define the needs and wants of the customers.
- (ii) It identifies which products will be profitable.
- (iii) It results in identifying the relatively homogenous groups of consumers.
- (iv) It helps to design specific marketing strategies according to the characteristics of each segment.

Which of the following is/are correct regarding market segmentation?

- | | | |
|---------------|------------------------------|------------------------------|
| (a) Only (i) | (b) Only (i) and (ii) | (c) Only (i), (ii) and (iii) |
| (d) Only (ii) | (e) Only (i), (iii) and (iv) | |

- 10) Product differentiation is one of the Porter's generic strategies. Consider the following statements about the milk powder industry.

- (i) Introducing strawberry and chocolate milk powder
- (ii) Giving special discounts on some milk powder varieties.
- (iii) Introducing economical milk powder sachet packets
- (iv) Introducing milk powder with vitamins and minerals

Which of the following is/are acceptable product differentiation strategy(ies) in the milk product industry?

- | | | |
|------------------------|-------------------------|-----------------------|
| (a) Only (i) and (ii) | (b) Only (ii) and (iii) | (c) Only (i) and (iv) |
| (d) Only (ii) and (iv) | (e) Only (iii) and (iv) | |

- 11) When setting business goals, every goal should tie back to the mission and vision of the organization and should determine exactly what we want to accomplish. Therefore, the goals should be SMART. SMART is an acronym that stands for;

- (a) S - Specific, M - Measurable, A - Achievable, R - Repeatable, T - Timely
- (b) S - Specific, M - Monetary, A - Achievable, R - Relevant, T - Timely
- (c) S - Specific, M - Measurable, A - Attainable, R - Relevant, T - Timely
- (d) S - Standard, M - Monetary, A - Achievable, R - Realistic, T - Timely
- (e) S - Standard, M - Monetary, A - Autonomous, R - Realistic, T - Timely

- 12) When starting a new business, the entrepreneur must focus on branding. Which of the following is/are correct regarding Product Branding?

- (a) Branding is merely about having a logo in the organization.
- (b) A brand is a trademark or distinctive name identifying a product or service of the organization.
- (c) Branding is only applicable for consumer products.
- (d) A product brand is owned by the Marketing department of the organization.
- (e) A brand defines a unique set of marketing elements to differentiate a given product.

- 13) Which of the following is/are correct regarding a Feasibility Report (FR) when starting a new business?

- (a) FR will help you to determine the profitability of the business venture.
- (b) FR will identify the flaws, business challenges, strengths, weaknesses, opportunities, threats.
- (c) FR will not estimate the financial, human and technological resources.
- (d) FR will include an outline design of system requirements, to determine whether the company has the technical expertise.
- (e) FR will not consider SWOT analysis.

14) Identify the correct statement(s) regarding the Net Present Value (NPV) and Internal Rate of Return (IRR).

- (a) When cash flows are just sufficient to repay the capital invested for the IRR then NPV will be zero.
- (b) First step in the calculation of NPV is to find out the present value of the cash flow.
- (c) The project is viable if the NPV of that project is negative.
- (d) Positive NPV results in positive economic value added.
- (e) If the IRR of a project is low, it is more desirable to undertake the project.

15) Nimal is a young and enthusiastic entrepreneur. Once he finished his school education, he started a business immediately after obtaining a bank loan and having financial contribution of his family members. He did not have much time on planning. After few months, his business failed. What would be the most likely reason(s) that Nimal's business was unsuccessful?

- (a) Not planning the business activities properly
- (b) Starting a business with a bank loan
- (c) Getting financial contribution from family members to business activities
- (d) Not getting family members into the management of the business
- (e) Not having much knowledge on business

16) Which of the following is/are (an) appropriate strategy(ies) to attract customers?

- (a) Reducing the quality and the price of the products
- (b) Recruiting new employees
- (c) Introducing product differentiation
- (d) Expanding the business activities with the help of a bank loan
- (e) Introducing more varieties of the products

- 17) Both 'Quantitative and Qualitative' criteria are used to identify the requirements of small businesses. Which of the following set of factors refer to qualitative criteria?

- (a) Technology used, nature of the business, type of business organization
- (b) Capital invested, nature of the business, number of employees
- (c) Amount of energy used, technology used, production capacity
- (d) Market size, annual turnover, number of employees
- (e) Capital invested, annual turnover, market size

- 18) There is more than one way to value a business. Which of the following is/are commonly used?

- (a) Wealth of the owner
- (b) Profits of the company
- (c) Market value of the assets
- (d) Number of employees
- (e) Business skills of the entrepreneur

- 19) Which of the following is/are characteristic(s) of a successful entrepreneur?

- (i) Over planning
- (ii) Persuasiveness
- (iii) Decisive
- (iv) Versatility
- (v) Risk aversion

- (a) Only (ii), (iii) and (iv)
- (b) Only (i), (ii) and (iv)
- (c) Only (i) and (iii)
- (d) Only (ii), (iii) and (v)
- (e) Only (iii), (iv) and (v)

20) When making a purchase, usually buyers go through a decision process. What is the correct sequence of the consumer's buying decision process?

- (a) Problem Recognition, Evaluation of Alternatives, Information Search, Post-Purchase Evaluation, Purchase Decision
- (b) Problem Recognition, Purchase Decision, Post-Purchase Evaluation, Information Search, Evaluation of Alternatives
- (c) Information Search, Problem Recognition, Evaluation of Alternatives, Purchase Decision, Post-Purchase Evaluation
- (d) Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision, Post-Purchase Evaluation
- (e) Information Search, Evaluation of Alternatives, Problem Recognition, Purchase Decision, Post-Purchase Evaluation
