

SAMPLE MULTIPLE CHOICE QUESTIONS

1. One of the most significant economic developments in recent business history relates to the _____.
A) growth of blue-chip corporations
B) development of Pacific Rim countries
C) entrepreneurial spirit
D) additional employment opportunities offered by government institutions

2. The profile of an entrepreneur includes _____.
A) a desire for responsibility and moderate risk
B) confidence in the ability to succeed and determination
C) a high level of energy, a desire for immediate feedback and a future orientation
D) All the above

3. All of the following are characteristics of the typical entrepreneur **except** _____.
A) confidence in his/her ability to succeed
B) value of money over achievement
C) desire for immediate feedback
D) a future orientation

4. Entrepreneurs are characterized by _____.
A) skill at organizing
B) desire for immediate feedback
C) high energy levels
D) All of the above

5. Entrepreneurs who repeatedly start businesses and grow to a sustainable size before striking out again are known as _____ entrepreneurs.
A) opportunistic
B) persistent
C) serial
D) classic

6. Entrepreneurs typically possess _____.
A) the ability to easily access capital
B) a set of unique skills that is usually accompanied by advanced degrees in several areas
C) a high level of commitment, have a tolerance for ambiguity, are flexible and tenacious
D) specialized technical abilities

7. Entrepreneurs who start businesses because they cannot find work any other way are _____.
A) necessity entrepreneurs
B) serial entrepreneurs
C) opportunity entrepreneurs
D) corporate cast-offs

8. _____ entrepreneurs are business builders who seek innovative solutions to some of society's most vexing problems.

- A) Social
- B) Opportunistic
- C) Serial
- D) Necessity

9. Which of the following is a benefit of entrepreneurship?

- A) The opportunity to gain control over your own destiny.
- B) The opportunity to reach your full potential.
- C) The opportunity to do what you enjoy.
- D) All of the above

10. Potential drawbacks of entrepreneurship may include _____.

- A) uncertainty of income, risk, long hours, and high stress
- B) uncertainty of income, risk, easy hours, and frequent vacations
- C) uncertainty of income, risk, long hours, and the immediate accumulation of wealth
- D) certainty of income, risk, long hours, and high stress

11. Factors that feed the economic boom behind entrepreneurship include _____.

- A) demographic and economic factors
- B) technology and cloud computing
- C) the shift to a service-based economy and international opportunities
- D) All of the above

12. Which of the following technological forces is driving the entrepreneurial trend in our nation?

- A) Cloud computing.
- B) Mobile marketing.
- C) The Internet.
- D) All of the above

13. Small companies that operate globally from their inception are referred to as _____.

- A) micromultinationals
- B) intrapreneurial ventures
- C) global companies
- D) international companies

14. Small companies that have expanded successfully into foreign markets tend to rely on all but which of the following strategies?

- A) Research foreign markets thoroughly.
- B) Focus on many countries initially.
- C) Utilize government resources designed to help small companies establish an international presence.
- D) Forge alliances with local partners.

15. Entrepreneurial couples who work together as co-owners of their business are referred to as _____.

- A) dual entrepreneurs
- B) corporate dropouts
- C) corporate cast-offs
- D) copreneurs

16. The demographic attributes of successful entrepreneurs are _____.

- A) limited to specific ages, genders, and ethnic backgrounds
- B) uncertain and have not been fully studied or analyzed
- C) are key predictors that determine how long the business will survive
- D) highly diverse relating to age, gender, and ethnicity

17. "Copreneurs" are defined as _____.

- A) entrepreneurs that work part-time
- B) highly successful entrepreneurs with prior company experience and background
- C) those entrepreneurs that will eventually combine their business with another venture
- D) entrepreneurial couples that work together as co-owners of their business

18. Which of the following is **not** a characteristic of a successful working relationship between copreneurs?

- A) A clear definition of one partner as "boss" and the other as "subordinate."
- B) Compatible business and life goals.
- C) Complementary business skills.
- D) A clear division of roles and authority based on each partner's skills and abilities.

19. Which of the following is a characteristic of copreneurs?

- A) Mutual respect
- B) Complementary business skills
- C) A clear division of roles and authority
- D) All of the above

20. Melinda and John Perez, both corporate attorneys in New York City, have grown tired of their lengthy daily commute, the stress of their jobs, and the overbearing policies of their employers. They have decided to leave their six-figure jobs and together open a guide service in Wyoming. Melinda and John are examples of _____.

- A) corporate castoffs and corporate dropouts
- B) corporate dropouts and copreneurs
- C) corporate castoffs and copreneurs
- D) copreneurs and serial entrepreneurs

21. One hallmark of successful entrepreneurs is the ability to _____.

- A) be willing to gamble
- B) fail intelligently
- C) overlook past successes

D) repeat the same mistake

22. John has come to you for advice on starting a business venture. He wants to know the best way to gain the experience he'll need. You suggest that he _____.

- A) read a small business book
- B) seek knowledge and experience in the field he wishes to enter
- C) determine his weaknesses and return to school for a term or two
- D) just jump in and learn as he goes

23. Most startup companies can expect to need _____ capital than they anticipate.

- A) less
- B) the same
- C) more
- D) within 10% of the

24. The primary cause of small business failures is _____.

- A) the lack of capital
- B) management mistakes
- C) poor location
- D) improper inventory control

25. Entrepreneurs tend to be overly _____ and commonly misjudge the _____ requirements of going into business.

- A) optimistic; personal
- B) optimistic; financial
- C) pessimistic; financial
- D) optimistic; professional

26. The only people who _____ are those who never do anything or never attempt anything new.

- A) succeed
- B) prosper
- C) profit
- D) fail

27. Which of the following was **not** identified as one of the suggestions for small business success

- A) Develop a business plan as you grow your business.
- B) Manage your financial resources and understand financial statements.
- C) Know your business in depth.
- D) Learn to manage people successfully.

28. Which of the following is/are true regarding business plans?

- A) Provide a pathway to success.
- B) Allow entrepreneurs to replace faulty assumptions with facts before making the decision to go into business.
- C) Create a benchmark against which entrepreneurs can measure actual company performance.

D) All of the above

29. Most entrepreneurs believe that _____ is what matters most, but _____ is the most important financial resource for a small business owner.

- A) cash; profit
- B) profit; cash
- C) profit; inventory
- D) inventory; cash

30. Entrepreneurs can increase their chances for success if they _____.

- A) know their business in depth and develop a solid business plan
- B) manage their financial resources and understand financial statements
- C) learn to manage people and keep in touch with how they react to stress and balance their health needs with the needs of the business
- D) All of the above

31. Ethical behavior is doing what is _____.

- A) "right"
- B) "profitable"
- C) "credible"
- D) All of the above

32. The various groups and individuals who affect and are affected by a business are called _____.

- A) stockholders
- B) stakeholders
- C) owners
- D) managers

33. Which of the following is **not** a stakeholder for an organization?

- A) Creditors
- B) Employees
- C) Suppliers
- D) All of the above are stakeholders.

34. _____ responsibility is how an organization responds to the needs of the many elements in society.

- A) Moral
- B) Investor
- C) Social
- D) Ethical

35. _____ consists of the fundamental moral values and behavioral standards that form the foundation for the people of an organization as they make decisions and interact with stakeholders.

- A) Business ethics
- B) Social obligation

- C) Mission
- D) Vision

36. _____ is/are the narrowest level of ethical standards.

- A) The law
- B) Organizational policies and procedures
- C) Social responsibility
- D) The moral stance

37. _____ sets behavioral boundaries for decision makers.

- A) The strategic plan
- B) Strategy
- C) Ethics
- D) The financial plan

38. _____ sets behavioral boundaries for decision makers.

- A) The strategic plan
- B) Strategy
- C) Social responsibility
- D) The financial plan

39. _____ may be the result of failing to realize that an ethical dilemma exists, or it may arise from a variety of mental defense mechanisms.

- A) Dishonesty
- B) Criminal behavior
- C) Irresponsibility
- D) Moral blindness

40. The _____ merely establishes the minimum standard of behavior.

- A) mission
- B) law
- C) strategic plan
- D) financial plan

41. The _____ is the narrowest level of ethical standards.

- A) mission
- B) law
- C) strategic plan
- D) financial plan

42. Actions that are legal, however, may not be _____.

- A) ethical
- B) complex
- C) profitable

D) doable

43. A strong determinant of moral behavior is _____.

- A) profitability
- B) financial success
- C) training
- D) short-term success

44. Companies really are not ethical or unethical; _____ are.

- A) goals
- B) strategies
- C) individuals
- D) departments

45. The driving force behind immoral management is _____.

- A) the law
- B) culture
- C) greed
- D) education

46. A _____ is a written statement of the standards of behavior and ethical principles a company expects from its employees.

- A) company credo
- B) company annual report
- C) company vision
- D) code of ethics

47. _____ entrepreneurs are finding the resources to tackle challenging problems such as habitat destruction, AIDS, hunger, and poverty.

- A) Serial
- B) Social
- C) Most
- D) All of the above

48. The three "R's" of socially responsible business are "reuse," "recycle," and "_____."

- A) reenergize
- B) reinvent
- C) reduce
- D) retrofit

49. Which of the following is **not** something that a small business owner should do to manage a culturally diverse workforce successfully?

- A) Learn to recognize and correct other's biases and stereotypes.
- B) Avoid making invalid assumptions.

- C) Concentrate on communication.
- D) Continue to adjust your company to your workers.

50. One of the most important group of stakeholders that a business must satisfy is its _____.

- A) customers
- B) employees
- C) investors
- D) banks

51. Earning a profit may not be a company's _____ responsibility.

- A) first
- B) only
- C) singular
- D) last

52. The ability to develop new ideas and to discover new ways of looking at problems and opportunities is called _____.

- A) entrepreneurship
- B) innovation
- C) creativity
- D) creative thinking

53. An entrepreneurial "secret" for creating value in the marketplace is _____.

- A) applying creativity and innovation to solve problems
- B) creating new products and services
- C) learning by doing
- D) applying lessons learned from history

54. The ability to apply creative solutions to problems and opportunities to enhance or to enrich people's lives is called _____.

- A) entrepreneurship
- B) innovation
- C) creativity
- D) creative thinking

55. Entrepreneurship is a constant process that relies on _____.

- A) creativity, innovation, and profit
- B) the ability to win over the consumer
- C) creativity, innovation, and application in the marketplace
- D) intellectual property rights

56. _____ is necessary for building a competitive advantage and for business survival.

- A) One single idea
- B) A motivated owner
- C) Creativity

D) A low-priced product

57. Creativity often involves creating something from nothing. However, it is more likely to result in _____.

- A) elaborating on the present
- B) putting old things together in new ways
- C) taking something away to create something simpler or better
- D) All of the above

58. When developing creative solutions to modern problems, entrepreneurs must _____.

- A) go beyond merely using whatever has worked in the past
- B) limit the creative process to only profitable ventures
- C) remember what has worked in the past
- D) pay attention to limiting factors

59. Research shows that anyone can learn to be creative. The problem is _____.

- A) many organizations fail to foster an environment that encourages creativity
- B) most people never tap into their pools of innate creativity
- C) most people have never been taught to be creative
- D) All of the above

60. The need to enhance creative thinking means that exploring _____ space, not _____ space becomes the challenge of the century.

- A) outer; inner
- B) big; small
- C) small; big
- D) inner; outer

61. _____ reasoning is the ability to create a multitude of original, diverse ideas.

- A) Divergent
- B) Convergent
- C) Asymmetrical
- D) Logical

62. _____ reasoning is the ability to evaluate multiple ideas and choose the best solution to a given problem.

- A) Divergent
- B) Convergent
- C) Lateral
- D) Intuitive

63. Christine has the ability to evaluate several options and pick the best one to solve a problem. The reasoning ability that Christine has is called _____.

- A) convergent
- B) divergent

- C) lateral
- D) intuitive

64. While Arturo finds it difficult to evaluate known options to a problem, he finds that he can generate a number of highly creative solutions to the problem. The reasoning ability that Arturo has is called _____.

- A) convergent
- B) divergent
- C) rational
- D) lateral

65. Successful entrepreneurship requires both _____ and _____ reasoning.

- A) divergent; convergent
- B) divergent; lateral
- C) convergent; lateral
- D) asymmetric; symmetric

66. All of the following represent barriers to creativity that entrepreneurs impose upon themselves **except** _____.

- A) focusing on being too logical
- B) being too practical
- C) blindly following rules
- D) searching for more than one answer

67. Entrepreneurs can stimulate their own creativity and encourage it among workers by _____.

- A) expecting and tolerating failure
- B) avoiding problems
- C) limiting rewards
- D) not taking chances

68. Which of the following is **not** one of the ways entrepreneurs can stimulate their own creativity and encourage it among their workers?

- A) Provide creativity training.
- B) Encourage curiosity.
- C) View challenges as problems.
- D) Develop a corporate culture that both fosters and rewards creativity.

69. Employees must be given the tools and resources they need to be creative. One of the most valuable set of resources is _____.

- A) setting limits and providing challenges
- B) establishing rules and guidelines
- C) time, support and encouragement
- D) reinforce traditional problem solving methods

70. Hiring a diverse workforce _____.

- A) helps in cultivating organizational creativity
- B) allows for different ideas and varying methods of problem solving
- C) brings in people from different backgrounds, with different cultural experiences, hobbies, and interests
- D) All of the above

71. The _____ environment has an impact on the level of people's creativity.

- A) physical
- B) sounds in the
- C) external
- D) internal

72. All of the following are enhancements to individual creativity **except** _____.

- A) keeping a journal to record thoughts and ideas
- B) limiting your reading sources
- C) taking time off
- D) allowing yourself to be creative

73. Which of the following is **not** an enhancement to individual creativity?

- A) Listening to other people.
- B) Recognizing the creative power of mistakes.
- C) Keeping a toy box in your office.
- D) Working without breaks until the project is complete or the problem is solved.

74. Which of the following sets of experiences may enhance individual creativity?

- A) Travel and recognize the creative power of mistakes and accidents.
- B) Notice what is missing.
- C) Journal and listen to people and customers.
- D) All the above

75. Which stage of the creative process includes on-the-job training?

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

76. Which stage of the creative process involves viewing the similarities and differences in the information collected?

- A) Transformation
- B) Incubation
- C) Illumination
- D) Verification

77. The ability to see the similarities and the connections among various data and events is called _____.

- A) convergent thinking
- B) divergent thinking

- C) transformational thinking
- D) illumination

78. The ability to see the connections among various data and events is called _____.

- A) convergent thinking
- B) divergent thinking
- C) transformational thinking
- D) illumination

79. _____ thinking is the ability to see similarities and _____ thinking is the ability to see differences among various data and events.

- A) Divergent; convergent
- B) Convergent; divergent
- C) Convergent; transformational
- D) None of the above

80. At which stage of the creative process does a spontaneous breakthrough occur, allowing all of the previous stages to come together to produce the "Eureka factor" or the "light bulb goes on"

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

81. The focus of which of the following step in the creative process is to transform the idea into reality?

- A) Implementation
- B) Preparation
- C) Illumination
- D) Verification

82. Any distinctive word, phrase, symbol, name, or logo a firm uses to distinguish itself or its products is called a _____.

- A) trademark
- B) patent
- C) copyright
- D) service mark

83. A(n) _____ is the process of examining a need in the market, developing a solution for that need, and determining the entrepreneur's ability to successfully turn the idea into a business.

- A) business plan
- B) strategic analysis
- C) idea assessment
- D) feasibility analysis

84. The process of determining whether an entrepreneur's idea is a viable foundation for creating a successful business is known as a(n) _____.

- A) business plan
- B) strategic analysis
- C) industry analysis
- D) feasibility analysis

85. Which of the following is **not** a macro force that creates change in industries?

- A) Sociocultural
- B) Economic
- C) Technological
- D) Entry barriers

86. More women entering the workforce is an example of a(n) _____ change.

- A) economic
- B) demographic
- C) technological
- D) sociocultural

87. The Internet is an example of a(n) _____ force.

- A) economic
- B) demographic
- C) technological
- D) sociocultural

88. Generation Y and Generation Z are examples of _____ changes.

- A) economic
- B) demographic
- C) technological
- D) sociocultural

89. Porter's five forces model assesses industry attractiveness by surveying these five factors _____.

- A) potential entrants, suppliers, buyers, substitutes, and rivalry among existing firms
- B) potential entrants, suppliers, buyers, similar products, and rivalry among existing firms
- C) potential entrants, suppliers, raw materials, substitutes, and rivalry among existing firms
- D) potential entrants, competitors, buyers, substitutes, and rivalry among existing firms

90. Switching costs, the number of buyers, and if the items represent a relatively small portion of the cost of finished products are key considerations regarding the _____.

- A) threat of new entrants to the industry
- B) rivalry among companies competing in the industry
- C) bargaining power of suppliers
- D) bargaining power of buyers

91. Low capital requirements, cost advantages that are not related to company size, and the lack of brand loyalty are considerations regarding the _____.

- A) threat of new entrants to the industry
- B) threat of substitute products
- C) bargaining power of buyers
- D) rivalry among companies competing in the industry

92. The force from the five forces model that considers economies of scale, initial capital requirements, cost advantages relevant to company size, and lack of brand loyalty is the _____.

- A) bargaining power of suppliers
- B) threat of new entrants
- C) threat of substitute products or services
- D) rivalry among companies competing

93. Generally, an industry is more attractive when _____.

- A) the number of competitors is large
- B) competitors are similar in size
- C) the industry is growing at a fast pace
- D) the opportunity to sell a differentiated product or service is present

94. The _____ the leverage suppliers of key raw materials or components have, the _____ attractive is the industry.

- A) greater; more
- B) more; more
- C) greater; less
- D) less; less

95. Generally, an industry is more attractive when companies in the industry have _____ switching costs to go from one supplier to another.

- A) high
- B) moderate
- C) significant
- D) low

96. For Under Armour, its top 10 suppliers manufacture less than half of its products. To Under Armour, supplier power is likely to be _____.

- A) high
- B) moderate
- C) significant
- D) low

97. When bargaining power of buyers is _____, the industry is _____ attractive.

- A) moderate; less
- B) low; more
- C) high; more
- D) low; less

98. Capital required to compete in an industry determines _____.

- A) bargaining power of buyers
- B) bargaining power of suppliers
- C) threat of substitutes
- D) threat of new entrants

99. Which of the following is *not* a barrier to entry?

- A) Capital requirements
- B) Large number of buyers
- C) Specialized knowledge
- D) Access to distribution channels

100. Economies of scale relate to which of Porter's 5-forces?

- A) Bargaining power of buyers
- B) Threat of new entrants
- C) Bargaining power of suppliers
- D) Threat of substitutes

101. Printed newspapers have seen their readership rates decline as new generations of potential readers turn to their iPads and smartphones for sources of news. This is an example of _____.

- A) threat of substitutes
- B) bargaining power of buyers
- C) bargaining power of suppliers
- D) rivalry among existing firms

102. Which of the following is a danger of using a niche strategy?

- A) Niches change.
- B) Niches can go away.
- C) Entering a niche requires adaptability in your initial plan.
- D) All of the above

103. An analysis that determines the degree to which a product or service idea appeals to potential customers and identifies the resources necessary to produce the product or provide the service is referred to as _____.

- A) product or service feasibility analysis
- B) business prototyping
- C) business plan analysis
- D) financial feasibility analysis

104. Conducting _____ research involves collecting data firsthand and analyzing it while _____ research involves gathering data that has already been compiled and is available.

- A) primary; secondary
- B) secondary; primary
- C) primary; industry

D) product; secondary

105. The financial feasibility analysis takes these aspects into consideration: _____.

- A) capital requirements, human resources, and return on investment
- B) capital requirements, estimated earnings, and return on investment
- C) capital requirements, estimated earnings, and return on sales
- D) capital requirements, estimated earnings, and return on owner's equity

106. The final aspect of the financial feasibility analysis combines the estimated earnings and the capital requirements to determine the _____.

- A) estimated earnings
- B) total capital requirements
- C) net profit
- D) rate of return on the capital invested

107. Asking the question, "Is this idea right for me?" is part of the process of assessing _____ feasibility.

- A) business
- B) financial
- C) entrepreneur
- D) All of the above

108. The process in which entrepreneurs test their business models on a small scale before committing serious resources to launch a business that might not work is known as _____.

- A) business modeling
- B) business prototyping
- C) business planning
- D) product or service feasibility analysis