

Entrepreneurship MCQS Guide

Section 1

1. Which one of the following actions by an entrepreneur is most likely to contribute to creative destruction?

- A) Development of a new product
- B) Take-over of a competitor
- C) Issuing shares
- D) Reducing prices

2. An advantage of the small firm in the innovation process?

- A) Ability to carry out R&D
- B) Ability to raise finance
- C) Ability of the entrepreneur to carry out multiple tasks
- D) Ability of the entrepreneur to act on new ideas or product development

3. External links may provide incentives to:

- A) Raise finance
- B) Introduce new working practices
- C) Introduce improvements to products
- D) Attend business exhibitions

4. Firms located on science parks compared to those located off science parks are:

- A) More innovative
- B) Less innovative
- C) No more or less innovative
- D) More growth orientated

5. Innovative small firms are more likely in:

- A) Knowledge-based sectors
- B) Biotechnology
- C) Automobile manufacture
- D) Aerospace manufacture

6. Schumpeter considered that innovative entrepreneurs would:

- A) Thrive
- B) Disappear
- C) Be absorbed within large innovative firms
- D) Be absorbed within non-innovative firms

7. Innovative entrepreneurs face special issues in raising:

- A) Development capital
- B) Structured capital
- C) Human capital
- D) Seed capital

8. Innovative entrepreneurs may have to pay high insurance premiums due to the:

- A) The need to protect patents
- B) Greater employee liability
- C) Greater customer liability
- D) Greater trading risks

9. Networking by innovative entrepreneurs may be most encouraged by?

- A) Science parks
- B) Business incubators

- C) Chambers of Commerce
- D) Business associations

10. The most likely problem encountered by innovative entrepreneurs in raising finance is:

- A) Limited security since R&D is an intangible asset
- B) The costs of the patenting system
- C) The exhaustion of personal equity in R&D
- D) Inability of potential external funders to understand technology

Answer of Multiple Choice Questions

1. (A) 2. (D) 3. (C) 4. (C) 5. (A) 6. (C) 7. (D) 8 (A) 9 (B) 10 (C)

1. Which of the following is NOT recognized as a misconception about entrepreneurship?

- A) Successful entrepreneurship needs only a great idea.
- B) Entrepreneurship is easy.
- C) Entrepreneurship is found only in small businesses.
- D) Entrepreneurial ventures and small businesses are different.

2. All of the following are characteristics of small businesses EXCEPT:

- A) Small businesses are independently owned, operated, and financed.
- B) Small businesses have fewer than 100 employees.
- C) Small businesses emphasize new or innovative practices.
- D) Small businesses have little impact on industry.

3. Which of the following is NOT one of the three areas in which the importance of entrepreneurship can be shown?

- A) Innovation
- B) Number of new start-ups
- C) Job creation and employment
- D) bureaucracy

4. The creation of new firms is important because these new firms contribute to economic development through benefits that include all of the following EXCEPT:

- A) Product-process innovation
- B) Increased tax revenues
- C) Unemployment
- D) Social betterment

5. All of the following represent countries in which the highest level of entrepreneurial activity was found EXCEPT:

- A) Australia
- B) Korea
- C) Norway
- D) Japan

6. Positive external trends or changes that provide unique and distinct possibilities for innovating and creating value are called _____.

- A) Strengths
- B) Opportunities
- C) Weaknesses
- D) Threats

7. An individual who has no prior business ownership experience as a business founder, inheritor of a business, or a purchaser of a business is called a(n) _____ entrepreneur.

- A) Habitual
- B) Novice
- C) Serial
- D) Portfolio

8. An individual who has prior business ownership experience is called a(n) _____ entrepreneur.
A) Novice
B) habitual
C) Serial
D) Portfolio
9. All of the following are popular demographic factors about entrepreneurs that have been studied EXCEPT:
A) Self-confidence
B) Gender
C) Education
D) Family birth order
10. The three main responsibilities involved with managing an entrepreneurial venture once its up and running include all of the following EXCEPT:
A) Managing processes
B) Managing people
C) Managing bureaucracy
D) Managing growth

Answer of Multiple Choice Questions

1. (D) 2. (C) 3. (D) 4. (C) 5. (D) 6. (B) 7. (B) 8 (B) 9 (A) 10 (C)

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Section 2

1. An individual who initiates, creates and manages a new business can be called _____.

- A. A leader
- B. A manager
- C. A professional
- D. An entrepreneur

ANSWER: D

2. Someone who improves an existing business can be called _____.

- A. An intrapreneur.
- B. A professional.
- C. A co-worker.
- D. A changeling.

ANSWER: A

3. Which could provide an individual with the motivation to start a new business venture?

- A. The financial rewards.
- B. A desire to be independent.
- C. Risk taking
- D. All the above.

ANSWER: D

4. Which industrial sector tends to naturally promote small-scale businesses and Entrepreneurship, and generally has lower barriers to market entry?

- A. Service.
- B. Manufacturing.
- C. Distribution.
- D. Agriculture.

ANSWER: A

5. The UK government has implemented a number of policies to encourage Entrepreneurship in schools.

One such initiative is _____.

- A. Young Enterprise.
- B. Youth venture.
- C. Young Business.
- D. Young Initiative.

ANSWER: A

6. Why are small businesses important to a country's economy?

- A. They give an outlet for entrepreneurs.
- B. They can provide specialist support to larger companies.
- C. They can be innovators of new products.
- D. All the above.

ANSWER: D

7. Intellectual Property laws can protect _____.

- A. Trademarks.
- B. Copyright.
- C. Patents.
- D. All the above.

ANSWER: D

8. A business arrangement where one party allows another party to use a business name and sell its

products or services is known as _____.

- A. A cooperative.
- B. A franchise.
- C. An owner-manager business.
- D. A limited company.

ANSWER: B

9. Which of the following is the reason for business failure _____.

- A. Lack of market research.
- B. Poor financial control.
- C. Poor management.
- D. All the above.

ANSWER: D

10. The use of informal networks by entrepreneurs to gather information is known as _____.

- A. Secondary research.
- B. Entrepreneurial networking.
- C. Informal parameters.
- D. Marketing

ANSWER: B

11. Good sources of information for an entrepreneur about competitors can be Obtained from _____.

- A. Websites.
- B. Product information leaflets.
- C. Company reports and published accounts.
- D. All the above.

ANSWER: D

12. A new venture's business plan is important because _____.

- A. It helps to persuade others to commit funding to the venture.
- B. Can help demonstrate the viability of the venture.
- C. Provides a guide for business activities by defining objectives.
- D. All the above.

ANSWER: D

13. Primary data is _____.

- A. the most important data.
- B. the data that is collected first.
- C. new data specifically collected for a project.
- D. data that is collected second.

ANSWER: C

14. Innovation can best be defined as _____.

- A. the generation of new ideas.
- B. the evolution of new ideas.
- C. the opposite of creativity.
- D. the successful exploitation of new ideas.

ANSWER: D

15. Which of these statements best describes the context for entrepreneurship?

- A. Entrepreneurship takes place in small businesses.
- B. Entrepreneurship takes place in large businesses.
- C. Entrepreneurship takes place in a wide variety of contexts.
- D. Entrepreneurship does not take place in social enterprises.

ANSWER: C

16. Entrepreneurs are motivated by _____.

- A. money.

- B. personal values.
- C. pull influences.
- D. All the above.

ANSWER: D

17. Which of the following is least likely to influence the timing of new business births?

- A. Government policies.
- B. Profitability.
- C. Consumer expenditure.
- D. Weather conditions.

ANSWER: D

18. Which of the following statements is false?

- A. Market segmentation is a useful process for small businesses to undertake.
- B. Selling is essentially a matching process.
- C. A benefit is the value of a product feature to a customer.
- D. It is a good idea for small businesses to compete solely on price.

ANSWER: D

19. The purpose of all good small business strategy is _____.

- A. to increase turnover.
- B. to increase profitability.
- C. to achieve competitive advantage.
- D. to achieve stated objectives.

ANSWER: D

20. Which of the following is a recognized disadvantage of setting up as a start-up as compared with other routes to market entry?

- A. less satisfaction of the owners.
- B. less help from various agencies.
- C. there are more funds required.
- D. there is a high failure rate.

ANSWER: D

21. Someone legally appointed to resolve the financial difficulties of an insolvent firm is called _____.

- A. an administrator.
- B. a predator.
- C. an auditor.
- D. a turnaround consultant.

ANSWER: A

22. Goods or services reach the market place through _____.

- A. marketing channels.

- B. multilevel pyramids.
- C. monopolies.
- D. multiplication.

ANSWER: A

23. To provide financial assistance to entrepreneurs the government has set up a number of _____.

- A. financial advisors.
- B. financial intermediaries.
- C. Industrial estates.
- D. financial institutions.

ANSWER: D

24. _____ can be defined as a specifically evolved work plan designed to achieve a specific objective within a specific period of time

- A. Idea generation.
- B. Opportunity Scanning.
- C. Project.
- D. Strategy.

ANSWER: C

25. Large investment is made in fixed assets, the project will be termed as _____.

- A. Capital Intensive.
- B. Labour Intensive.
- C. Product Intensive.
- D. Market Intensive.

ANSWER: A

26. PERT stands for _____.

- A. Programme Evaluation and Research Techniques.
- B. Project Evaluation and Review Techniques.
- C. Programme Evaluation and Review Techniques.
- D. Project Evaluation and Research Techniques.

ANSWER: C

27. _____ is used to accomplish the project economically in the minimum available time with limited resources

- A. Project Scheduling.
- B. Network Analysis.
- C. Budget Analysis.
- D. Critical Planning.

ANSWER: A

28. _____ is a form of financing especially for funding high technology, high risk and perceived high reward projects

- A. Fixed capital.
- B. Current capital.
- C. Seed capital.
- D. Venture capital.

ANSWER: D

29. In _____, machines and equipments are arranged in the order or sequence in which they are to be used for manufacturing the product

- A. Factory Layout.
- B. Product Layout.
- C. Process Layout.
- D. Combined Layout.

ANSWER: B

30. The term _____ denotes bonus or financial aid which is given by a government to an industry to help it compete with other units

- A. Incentive.
- B. Subsidy.
- C. Bounty.
- D. Concession.

ANSWER: C

31. The granting of cash subsidy on the capital investment is called _____.

- A. Concessional finance.
- B. Quantum of Subsidy.
- C. Interest Subsidy.
- D. Central Investment Subsidy.

ANSWER: D

32. _____ is primarily concerned with the identification of the project demand potential and the selection of the optimal technology.

- A. Techno-economic analysis.
- B. Feasibility analysis.
- C. Input analysis.
- D. Financial analysis.

ANSWER: A

33. Decisions taken by an entrepreneur on behalf of his enterprise are known as _____.

- A. Organizational decisions.
- B. Personal decisions.
- C. Routine decisions.
- D. Strategic decisions

ANSWER: A

34. Decisions which are concerned with policy matters and exercise fundamental influence on the objectives of the organization are called as _____.

- A. Organizational decisions.
- B. Personal decisions.
- C. Routine decisions.
- D. Strategic decisions.

ANSWER: D

35. _____ implies the availability or otherwise of plant and machinery and technical know how to produce the product.

- A. Economic viability.
- B. Financial feasibility.
- C. Technical feasibility.
- D. Managerial competence

ANSWER: C

36. Which of the list below does not form Intellectual Property?

- A. Trade marks.
- B. Patents.
- C. Tangible assets.
- D. Copyright.

ANSWER: C

37. A business arrangement where one party allows another party to use a business Name and sell its products or services is known as _____.

- A. A cooperative.
- B. A franchise.
- C. An owner-manager business.
- D. A limited company.

ANSWER: B

38. What is the role of a Business Angel?

- A. To provide small business advice.
- B. To provide capital for business development in exchange for a stake in the Business ownership.
- C. To set up a franchise business.

D. To assist an entrepreneur to open a lifestyle business.

ANSWER: B

39. Which one of the following describes unemployment?

- A. The number of people who voluntarily choose not to work.
- B. The number of people who are jobless and are actively seeking work.
- C. The number of people who are not actively seeking work.
- D. The number of people actively seeking work who find work.

ANSWER: B

40. Idea of new product is tested in potential consumers to determine consumer acceptance at _____ stage.

- A. Concept.
- B. Product development.
- C. Test marketing.
- D. Commercialization.

ANSWER: C

42. Which one of the following is not considered as one of the building blocks of the model entrepreneur?

- A. technical skills.
- B. management competencies.
- C. business awareness.
- D. personal attributes.

ANSWER: C

43. An entrepreneur who owns more than one business at a time is called _____.

- A. an intrapreneur.
- B. a corporate entrepreneur.
- C. a portfolio entrepreneur.
- D. None of the above.

ANSWER: C

44. Industries producing complete articles for direct consumption & also processing industries is called _____ as _____.

- A. Manufacturing industries.
- B. Feeder Industries.
- C. Service Industries.
- D. Mining or Quarrying.

ANSWER: A

45. _____ is primarily concerned with the identification, qualification and evaluation of the

project resources.

- A. Techno-economic analysis.
- B. Feasibility analysis.
- C. Input analysis.
- D. Financial analysis.

ANSWER: B

46. Decisions which are concerned with policy matters and exercise fundamental influence on the objectives of the organization are called as _____.

- A. Organizational decisions.
- B. Personal decisions.
- C. Routine decisions.
- D. Strategic decisions.

ANSWER: D

47. Decisions which are non-repetitive and novel nature and required to solve unstructured problem is called as _____.

- A. Programmed decisions.
- B. Non-programmed decisions.
- C. Routine decisions.
- D. Strategic decisions.

ANSWER: B

48. Seed capital assistance _____.

- A. a long-term assistance.
- B. initial assistance
- C. a help for the purchase of seeds.
- D. a short-term assistance.

ANSWER: B

49. Business means _____.

- A. Commerce.
- B. industry and commerce.
- C. trade and commerce.
- D. selling and buying of goods.

ANSWER: B

51. Promoter is a person who _____.

- A. takes part in the incorporation of a company .
- B. is a director.
- C. is a relative of the managing director.
- D. works to publicity to the company.

ANSWER: A

52. Business risks can be _____.

- A. avoided.
- B. reduced.
- C. ignored.
- D. erased.

ANSWER: B

53. The oldest form of business organization is _____.

- A. Partnership.
- B. sole proprietorship.
- C. joint stock company.
- D. co-operative undertaking.

ANSWER: B

54. Memorandum of association of a firm contains _____.

- A. rules regarding the internal management of the company.
- B. rules regarding the constitution and activities of the company.
- C. rules regarding the external management.
- D. rules regarding the constitution.

ANSWER: B

55. A person owning and running a small firm, is known as _____.

- A. A manager-owner.
- B. An owner-manager.
- C. A professional adapter.
- D. An enterprise worker.

ANSWER: B

56. Which of the following is a characteristic typical of _____? Most entrepreneurs

- A. Choose high risk ventures.
- B. Choose low risk ventures.
- C. Choose moderate (or calculated) risk ventures.
- D. Choose no risk ventures.

ANSWER: C

57. The UK government has implemented a number of policies to encourage Entrepreneurship in schools.

One such initiative is _____.

- A. Young Enterprise.
- B. Youth venture.
- C. Young Business.
- D. Young Initiative.

ANSWER: A

58. One of the disadvantages of a franchise business for a franchisee is _____.

- A. Lack of independence.
- B. Franchise businesses typically have a high failure rate.
- C. Lack of brand identity.
- D. Training is not normally provided by the franchisor.

ANSWER: A

59. The Markets and Competitors section of a business plan should contain _____.

- A. A statement of the target market.
- B. The size of each market segment.
- C. The key characteristics of buyers in each business segment.
- D. All the above.

ANSWER: D

60. As a new company grows, the entrepreneur will need to _____.

- A. be responsive to changes in the market.
- B. ensure financial controls are maintained.
- C. build a management team.
- D. all the above.

ANSWER: D

61. An entrepreneur into the hosiery business found out the reason his hosiery was not selling was due to its color. What could be the best source of this information?

- A. Supplier.
- B. Retailer.
- C. Competition.
- D. Government bureau.

ANSWER: B

62. Entrepreneurship can best be described as _____.

- A. a process that requires setting up a business.
- B. taking a significant risk in a business context.
- C. having a strong vision.
- D. a process involving innovation, new products or services, and value creation.

ANSWER: D

63. Every entrepreneur should draw an ----- for his project to ensure the timely completion of all activities involved in setting up an enterprise.

- A. cost structure
- B. implementation plan
- C. market structure
- D. production structure

ANSWER: B

64. Entrepreneurial development is the key to achieve all-round ----- through acceleration of industrial and entrepreneurial activities.

- A. economic development
- B. increase in profits
- C. shareholders value
- D. business development

ANSWER: A