

**Jimma University**  
**College of Business and Economics**  
**Department of Management**

Course title: Entrepreneurship

Course code: MGMT1012

Exam date: April 15, 2021

**Content description**

Parts	Number of questions	Weight	Time allotted
Part One: True/False	5	5	10 Minutes
Part Two: Matching	5	5	20 Minutes
Part Three: Choice	15	15	30 Minutes
Part Four Cases	2	5	15 Minutes
<b>Checking time</b>			5 Minutes
<b>Total</b>	<b>27</b>	<b>30</b>	<b>1:20 Hours</b>

Student Name: [REDACTED] ID No: [REDACTED] Section: [REDACTED]

**GENERAL INSTRUCTIONS**

1. Don't forget writing your full name and other required information on both question paper and answer sheet.
  2. Attempt all questions.
  3. This exam booklet contains three parts in 7 pages including the answer sheet. Read instructions given to each part and answer the questions accordingly. No one can go out from the exam room before the exam time is finished.
  4. Any form of cheating and misbehaviour will automatically result in an "O".
  5. Switch off Your cell phone.
  6. **Don't detach any page!**
- Don't open the next page until you are told to do so

Direction I Say true if the statement is correct and false if the statement is incorrect (1 points each)

- T 1. Business plan identifies opportunities, scans the external and internal environment to assess the feasibility of business and allocates resources in the best possible way.
- F 2. An individual entrepreneur is someone who started business with his/her friend by acquired or franchised and manage the operation with members.
- F 3. A business can only be successful if the people who make it up are properly directed and are committed to make an effort on its behalf.
- F 4. Corporation is a form of business with single owner who has unlimited liability, controls all decisions and receives all profits.
- F 5. Entrepreneurs need not to be necessarily inventors of new products or new methods of production or service, but may possess the ability of making use of the inventions for their enterprises.

Direction II: For the following questions, find its best answer from column "B" and match to its relevant questions to the column "A" (1 points each).

A

- E 6. Expecting more output with less input (with less wasted effort)
- F 7. Employment Law
- H A 8. Intensive Competition in price, quality
- c 9. Transformation is expected from small to medium
- B 10. Import substitution products

B

- A. Start -Up Level \*
- B. Duplication (Replication) invention \*
- C. Growth- medium level
- D. Effectiveness
- E. Efficiency
- F. Legal Environment
- G. Political Environment \*
- H. Growth Level \* \*
- I. Invention \*



Direction III, CHOOSE THE BEST ANSWER FROM THE GIVEN ALTERNATIVES (1 point)

1. Suppose that 30 minutes ago you were coming from Merkato to Jimma University for this mid examination, and on your way to JU you have observed that there are a lot of people crowded in front of Lalo bread Shop (A famous bread shop in Jimma town) & waiting for the service. So, what does this phenomenon implies for you as an entrepreneur?

- A) Scarcity of bread in Jimma town that the Mayor should think of it.
- B) An opportunity
- C) Great problem of bread in Jimma town that NGO & the Mayor should solve
- D) Government food security policy gap

2. Which one is wrong about the process of an entrepreneurship?

- A) The ability to perceive an opportunity.
- B) The ability to commercialize the perceived opportunity
- C) Unwillingness to accept risk or failure.
- D) None

3. What is the difference between individual entrepreneur and intraprenuer?

- A. The former is someone who started; acquired or franchised his/her own independent organization and the latter is a person who does entrepreneurial work within large organization.
- B. The latter is organization that creates an environment in which all of its members can contribute in some function to the entrepreneurial function and the former is a person who does entrepreneurial work within large organization.
- C. There no difference between those two terms
- D. None

4. Which one is odd from the following terms?

- A) Strategy Skills
- B) Communication Skills
- C) Leadership Skills
- D) Delegation Skills

5. \_\_\_\_\_ is ability to see, to discover and exploit opportunities that others missed.

- A. Scanning the Environment
- B. Opportunity Development
- C. Opportunity Evaluation
- D. None

6. All are methods of generating business idea except?

- A. Survey Your Local Business Area
- B. Scanning Your Environment
- C. Scoring the Suitability of Business Idea
- D. Problem Inventory Analysis

7) From business plan components one is deals with Debt equity ratio preparation, which can give an indication about how much finance would the company require and how it would like to fund the project.

- A/ Executive summary
- B/ Cover sheet
- C. Exit strategy
- D. Funding requirement

8. Sole proprietorship is a form of business which two or more individuals having unlimited liability who have pooled resources to own a business.

- A. True
- B. False
- C. Both
- D. None

9. From the following which one is economic/control criteria to define small micro enterprise?

- A. number of employee
- B. market share
- C. volume of deposits
- D. total capital investment

10. All are small business success factors **except**

- A. Conducive Environment
- B. Adequate Credit Assistance
- C. Markets and Marketing Support
- D. Inaccurate estimates

11. From the process of launching new venture one is deals with Forming the enterprise to create value, implementing the entrepreneurial strategy and planning the future.

- A. Exploitation
- B. Discovery
- C. Evaluation
- D. All of the above

12. All are true about corporation **except**

- A. It is a separate legal entity
- B. There is unlimited liability
- C. There is double taxation
- D. It is difficult to transfer ownership
- E. None

13. Which one is not correct about the role of micro and small enterprise in developing countries?

- A. Economical use of capital
- B. Dispersal over Wide Areas
- C. Reduce double taxation
- D. None



14. Definition of Small enterprise in case of manufacturing industry is?

- A. Is one in which the investment in plant and machinery total asset does not exceed birr100, 000 (one hundred thousand); and operates with 5 people including the owner
- B. Is one with the values of total asset is not exceeding Birr 50,000(fifty thousands); and operates with 5 persons including the owner of the enterprise
- C. Is one in which the investment in plant and machinery a paid up capital of total asset of birr100, 000 (one hundred thousand) and not more than Birr 1.5 billion; and operates with 6-50 persons.
- D. None

15. All are method of generating business idea except

- A. Free Association
- B. Attribute Listing
- C. Forced Relationship
- D. None

**Direction IV, Discussions (5 points)**

Synthesize  
duplication  
Invention

1. Innovation lies at the heart of the entrepreneurial process and is a means to the exploitation of opportunity & the implementation of new idea at the individual, group or organizational level. Depending on the notion above, write and explain the distinct types of innovations( 2points)

2. China, the densely populated country in the world, having around one billion three hundred million people. She built a very stable political system in addition to her less commented socio-cultural systems. She built & achieved the 2<sup>nd</sup> strongest economy in the world next to United States of America. Thus, currently most investors from West Europe & USA are migrating to China to invest there.

Depending on the above paragraph, list and explain the major external business environments that pull foreign investors to China. (3points)