

# Self-assessment multiple-choice questions with solutions for students

## Chapter 1

### **1 In real life, entrepreneurs are those that...**

- a) Robbers that exploit their workers
- b) Generate business success
- c) Generate business success through hard and long hours of work
- d) Robbers that exploit their workers and generate business success

### **2 The definition of entrepreneurship holds the promise of....**

- a) Financial difficulties and hardship
- b) Limited expansion
- c) Growth, unlimited expansion and long-term financial gain
- d) Growth, expansion and long term financial gain

### **3 The terms *entrepreneur* and *owner manager* is used interchangeable and describes a person that...**

- a) Manages a small business
- b) That starts up a small business
- c) That starts up and manages a small business
- d) All above statements are incorrect

### **4 Entrepreneurship can be defined as...**

- a) The act of initiating, creating, building, expanding and sustaining a venture and gathering The necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
- b) The act of creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain
- c) The act of initiating, creating, building, expanding and sustaining a venture, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain

- d) The act of initiating, creating, building, building an entrepreneurial team and gathering the necessary resources to exploit an opportunity in the marketplace for long-term wealth and capital gain

**5 A basic survivalist is...**

- a) This person operates as an entrepreneur to survive for the first three months after setting up a business.
- b) This person operates as an entrepreneur to survive until he or she obtains an entrepreneurial opportunity
- c) This person operates as an entrepreneur to survive until he or she obtains a formal-sector job or entrepreneurial opportunity
- d) This person operates as a small business manager until he or she obtains a formal-sector job or entrepreneurial opportunity.

**6 A Pre-entrepreneur is...**

- a) Involved in welfare-based entrepreneurship where profit maximization is less important than the collective
- b) Involved where profit maximization is less important than the collective
- c) Involved in welfare-based entrepreneurship
- d) Involved in welfare-based entrepreneurship for profit maximization only

**7 A subsistence entrepreneur is...**

- a) Involved in dependent income-generating activities operating as a small-scale vendor
- b) Involved in independent income-generating activities operating as a small-scale vendor
- c) Involved in independent income-generating activities operating as a small-scale vendor
- d) Involved in independent income-generating activities operating as a large-scale vendor

**8 A Micro entrepreneur is....**

- a) A formal-sector entrepreneur with zero to 10 employees
- b) A formal-sector entrepreneur with 1 to 10 employees
- c) A formal-sector entrepreneur with zero to 15 employees
- d) A formal-sector entrepreneur with 1 to 15 employees

**9 A small-scale entrepreneur is ....**

- a) A formal-sector entrepreneur with 11 to 50 employees
- b) A formal-sector entrepreneur with 11 to 49 employees
- c) A formal-sector entrepreneur with 16 to 49 employees
- d) A formal-sector entrepreneur with 16 to 50 employees

**10 Entrepreneurial companies are different from small business companies in that they...**

- a) Are innovative and growth driven
- b) Are not creating jobs for themselves but are wealth driven
- c) Create wealth that is sustainable for future generation to come
- d) All of the above

### **ANSWERS**

- 1. c
- 2. d
- 3. d
- 4. c
- 5. c
- 6. a
- 7. b
- 8. a
- 9. b
- 10. d

## Chapter 2

### **1 Entrepreneurship is about....**

- a) People and guess what they need, it motivates the entrepreneur to start, set up and grow a business.
- b) People and knowing what they need, it motivates the entrepreneur to start a business.
- c) People and knowing what they need, it motivates the entrepreneur to start, set up and grow a business.
- d) People and knowing what they need, it motivates the entrepreneur to take an unknown risk.

### **2 The most important reason amongst others why people start their own business is to....**

- a) Survive financially
- b) Serve their community
- c) Live their entrepreneurial destiny
- d) To sell their innovative products

### **3 Five personality dimensions of entrepreneurs are...**

- a) Achievement; autonomy; external locus of control; risk taking propensity and entrepreneurial self-efficacy
- b) Achievement; autonomy; external locus of control; risk taking propensity and entrepreneurial self-efficacy
- c) Achievement; autonomy; external locus of control; high risk taking propensity and entrepreneurial self-efficacy
- d) Achievement; autonomy; internal locus of control; risk taking propensity and entrepreneurial self-efficacy

### **4 A need to achieve can emerge in various ways...**

- a) High energy levels to chase goals; confidence that success will be achieved soon; and non-measurement of success
- b) High energy levels to chase goals; confidence that success will be achieved soon; and measurement of success
- c) Low energy levels to chase goals; confidence that success will be achieved; and measurement of success
- d) High energy levels to chase goals; confidence that success will be achieved; and

measurement of success.

**5 Autonomy refers to...**

- a) The need to make decisions, having to abide by someone's policies, rules and regulations
- b) The need to make decisions on an ad hoc basis and without having to abide by someone's policies, rules and regulations
- c) The need to make decisions, without having to abide by someone's policies, rules and regulations
- d) The need to make ad hoc decisions, without having to abide by someone's policies, rules and regulations

**6 Internal locus of control refers to...**

- a) A belief that one can control one's own environment
- b) A belief that someone else controls one's environment
- c) A belief that one and someone else control one's environment
- d) A belief that no one controls one's environment

**7 Risk taking is referred to as...**

- a) The willingness to pursue an opportunity knowing that there might be a unreasonable risk involve
- b) The willingness to pursue an opportunity knowing that there might be a reasonably risk involve
- c) The willingness to pursue an unrealistic opportunity knowing that there might be a reasonably risk involve
- d) The willingness to pursue an opportunity knowing that there might be a reasonably risk involve.

**8 Self-efficacy is ...**

- a) The self believe a person has that they are able to start a specific activity. Entrepreneurs will pursue a matter if the resources are at hand or not. They handle rejection and pursue new opportunities
- b) The self believe a person has that they are able to complete a specific activity. Entrepreneurs will pursue a matter if the resources are at hand or not. They handle rejection and pursue new opportunities
- c) The self believe a person has that they are able to start and complete a specific

activity. Entrepreneurs will pursue a matter only if the resources are at hand or not. They handle rejection and pursue new opportunities

- d) The self believe a person has that they are able to start and complete a specific activity. Entrepreneurs will pursue a matter irrespective if the resources are at hand or not. They handle rejection and pursue new opportunities.

**9 The following are myths related to entrepreneurs....**

- a) Entrepreneurs are born not made
- b) Entrepreneurs are doers and not thinkers
- c) Entrepreneurs are gamblers
- d) All of the above

**10 The following critical risks are....**

- a) Financial and physical risk
- b) Career risks and family risk
- c) Psychological risks
- d) All of the above

**ANSWERS**

- 1. c
- 2. a
- 3. b
- 4. d
- 5. c
- 6. a
- 7. b
- 8. d
- 9. d
- 10. d

## **Chapter 3**

**1. Which ONE of the following is not a creativity barrier?**

- a) Negative beliefs and habits
- b) Environment not willing to risk
- c) Full financial support
- d) Making assumptions

**2. The reality of the myth that fear forces breakthrough is:**

- a) High pressure situations may lead to creativity
- b) Competition causes a lot of ideas
- c) Creativity is positively associated with joy
- d) Rewarding creativity may lead to unhealthy competition

**3. The first step in the entrepreneurial creativity process is:**

- a) Information gathering
- b) Ignoring all existing information
- c) Idea generation
- d) Preparation

**4. Idea generation is one of the steps in the creativity process. What actions are performed during this step?**

- a) Analysing the problem or situation
- b) Developing information about the problem or situation
- c) Generating possible solutions to identified problems
- d) Applying different decision-making and assessment techniques

**5. Which of the following is a source that could be utilised to become an entrepreneur?**

- a) State of the economy
- b) Accumulation of knowledge
- c) Libraries

- 6. What can a prospective entrepreneur use to gather information on needs and problems that exist in industry?**
- a) Research reports and dissertations
  - b) Availability of capital
  - c) Quality toolbox
- 7. Which one is not a method to generate product-service ideas?**
- a) Accumulation of Knowledge
  - b) Marketability
  - c) Delphi technique
- 8. Which advantages exist for the potential entrepreneur in using exhibits to gain information and products or markets?**
- a) More relaxing environment to speed up the idea experiences
  - b) Opportunities to assess the different franchising possibilities and compare them with other
  - c) To negotiate loans from potential investors
- 9. The internet as a source of information can provide the entrepreneur with:**
- a) Information on negative attitudes from people
  - b) Information regarding new developments in products and services
  - c) Information on difficult steps for entrepreneurs
- 10. Which of the following is NOT a method to generate product-service ideas?**
- a) Observation
  - b) Workshops
  - c) Brainstorming

## **ANSWERS**

- 1. c
- 2. c
- 3. d
- 4. c
- 5. c
- 6. a
- 7. b
- 8. b
- 9. b
- 10. b

## Chapter 4

**1** \_\_\_\_\_ refers to the moral and legal acceptability of the **new product or service in society**

- a) Potential economic value
- b) Newness
- c) Perceived desirability
- d) Entrepreneurial commitment

**2** \_\_\_\_\_ refers to the failure to acknowledge or recognize the limits **of personal knowledge, skills and experience**

- a) Perception of risk
- b) Planning fallacy
- c) Law of small numbers
- d) Overconfidence

**3** **Talking to friends and family about a new business idea and only using their input in starting the business can be described as:**

- a) Belief in the law of small numbers
- b) Planning fallacy
- c) Illusion of control
- d) Perceived risk

**4** **Which of the following is NOT one of the criteria investors or venture capitalists use in evaluating new venture proposals?**

- a) Openness and honesty
- b) Realistic financials
- c) Exit plan
- d) Demonstrated market ability

**5** \_\_\_\_\_ is evident when the entrepreneur tries to mislead the investor

- a) Knowledge and experience
- b) Lack of openness and honesty
- c) Lack of financial planning
- d) Commitment of the entrepreneur

**6** Which ONE of the following is NOT a characteristic of a successful product or service?

- a) Niche market appeal
- b) Fulfilling a need or want
- c) Personal preference of entrepreneur
- d) Buyer will understand it

**7** In testing the feasibility of products or services, one of the questions related to the product or service that should be asked, is:

- a) Will the venture make or buy what it wants to sell?
- b) Can suitable personnel be recruited?
- c) Does the entrepreneur know how to sell the product or service?
- d) Does the entrepreneur understand the market?

**8** The test for marketability could be divided into the following four categories:

- a) Products, services, needs and wants
- b) Industries, organisations, entrepreneur and staff
- c) Budgeting, cost control, credit management and managing debtors
- d) Customers, competitors, suppliers and marketing of products and services

**9** The mere fact that there are \_\_\_\_\_ could be an indication that the market is large enough to absorb a new product

- a) Suppliers
- b) Customers
- c) Competitors
- d) Products and services

10. \_\_\_\_\_ skill refers to: communication, listening, conflict management and networking

- a) Interpersonal
- b) Management
- c) Financial
- d) Business

## ANSWERS

- 1. c
- 2. d
- 3. a
- 4. d
- 5. b
- 6. c
- 7. a
- 8. d
- 9. c
- 10. a

## Chapter 5

### **1 A Network Integrated Solution can**

- a) Serve as your security system
- b) Share programs
- c) Not make cultural distinctions
- d) Interact with different locations of the business

### **2 Codified programming logic is the basis for**

- a) Sales vehicles
- b) Language translation
- c) Flowcharts
- d) Modern art

### **3 “Will the system function as it should?” is which risk of new IT?**

- a) The technical risk
- b) The organizational risk
- c) The business risk
- d) The system risk

### **4 Business Information alignment includes:**

- a) Trusting the IT will create change
- b) Letting the market systems work
- c) Business transformation
- d) A laid-back attitude

### **5 The most important personal quality of an IT professional is**

- a) Back-ups files
- b) Knows IT systems
- c) Rigidity
- d) Trustworthiness

### **6 A centralised server allows managers to**

- a) Play video games
- b) Monitor workstations and employee behaviour
- c) Take extended lunch hours

d) Expect more employee productivity

**7 Information Technology cannot**

- a) Provide international access to a single database
- b) Integrate data and workflow across multiple locations
- c) Substitute for a strong business plan
- d) Capture information from all sources in the business system

**8 When purchasing hardware, first consider**

- a) The brand name
- b) The cost
- c) What your business IT needs are
- d) The warranty offered

**9 An important unknown element of cloud computing is:**

- a) The upfront costs
- b) The hidden costs
- c) The difficulty of access
- d) The long-term information security

**10 The extended system of your business includes**

- a) Your family members
- b) Your suppliers and customers
- c) The entire community
- d) Only certain customers

**ANSWERS:**

- 1. d
- 2. c
- 3. a
- 4. c
- 5. d
- 6. b
- 7. c
- 8. c
- 9. d
- 10. b

## **Chapter 6**

- 1 Which of the following factors does NOT form part of the analysis of the external environment?**
- a) Technological
  - b) Physical location and environment.
  - c) International and national economies.
  - d) Communications and infrastructure.
- 2 When developing a mission for a new venture, the entrepreneur should refrain from developing a mission, which does NOT apply?**
- a) Focuses on making a profit
  - b) Reflects sentiments
  - c) Uses words that cannot be measured
  - d) Provide a framework of objectives
- 3 Why is knowledge of the communication and infrastructure environment important? Which does NOT apply?**
- a) You have the ability to communicate your products and services to potential customers.
  - b) Communication of the geographical area of the products and services
  - c) To be able to buy the right technology
  - d) To be able to withhold information to your suppliers
- 4 Strategic management consist of three phases; which does NOT apply?**
- a) The strategy implementation phase
  - b) The strategy performance phase
  - c) The strategy evaluation phase
  - d) The strategy formulation phase
- 5 Which of the following other infrastructures will NOT have an effect on a business?**
- a) Support facilities.
  - b) Accommodation
  - c) Building and planning
  - d) Transport
- 6 For any form of business, the environment will contain a wide range of institutions, which can influence the operation, and development of their business. Which of the following institutions may NOT have an influence on the majority of entrepreneurial ventures?**
- a) Organised commerce
  - b) Law enforcement agencies
  - c) Trade unions
  - d) Local school
- 7. Local government have requirements that you will have to adhere to and should take into consideration when planning your venture. Which requirement**

**does NOT apply?**

- a) Registration of venture
- b) Service delivery
- c) Waste management
- d) Consumer council requirements

**8. The mission is the most visible part of the strategic management process. Which of the following should it NOT reflect?**

- a) Environments
- b) Concern for survival, growth and profitability
- c) Markets
- d) Concern for public image

**9. The evaluation of strategies is the second phase in the strategic management process. Which is the first step that should be taken?**

- a) The development of policies and annual objectives;
- b) The allocation of resources so that the formulated strategies can be executed
- c) Analysing and reviewing external and internal forces;
- d) Evaluating strategies using an innovation and financial risk strategic matrix

**10. The political and legal dimensions establish the boundaries of the economic environment that sets the stages for business activities. The economic factors that should be considered are. Which does NOT apply?**

- a) Foreign exchange rates
- b) Stock market activities
- c) Patterns of economic growth.
- d) Establishment of trade agreements.

## **ANSWERS**

- 1. a
- 2. d
- 3. a
- 4. b
- 5. c
- 6. d
- 7. d
- 8. a
- 9. c
- 10. d

## Chapter 7

**1 Why is it important to do market research?**

- a) It will reflect the need in the present market, as well as potential markets for the relevant products and services
- b) It will reflect the eventual success of the venture.
- c) It will reflect the survival of the business.

**2 In establishing the presence of competitors, the entrepreneur should ask the following questions. Which one does NOT apply?**

- a) What is the growth pattern of the competitor's products?
- b) What is the pricing policy of the competitors?
- c) What share of the market does the competitor have?

**3 Which of the following is NOT a resource need?**

- a) Operating resources
- b) Competitor resources
- c) Financial resources
- d) Technology resources

**4 Which of the following aspects will NOT have an influence on the initial extent of the activities of new ventures?**

- a) The current size of the market
- b) The availability of raw material, equipment, labour and managerial skills
- c) Where the venture will be located

**5 The geographical location refers to the premises that will be needed to produce the products to render the service. Which of the following is NOT a location factor that the entrepreneur should consider in choosing a location for the business?**

- a) Sources of raw materials
- b) The proximity of and access to the markets
- c) The size of the building site
- d) The availability of power and water at a reasonable price

**6 Which of the following is NOT a form of company that is distinguished in South**

**Africa?**

- a) Private company
- b) Shared company
- c) Public company

**7 Which of the following is NOT a form of ownership that the entrepreneur should consider?**

- a) Sole ownership
- b) Partnership
- c) State owned company
- d) Private company

**8 Why is a non-profit company established?**

- a) To achieve a unique service of high quality.
- b) To calculate the disadvantages connected with both location and site.
- c) To achieve a public benefit
- d) To achieve a history of profitability.

**9 The following factors effects the choice of the form of ownership. Which one does NOT apply?**

- a) The legal juristic personality of the venture
- b) The size of the proposed enterprise
- c) The extent to which the owner has direct control
- d) The possibilities of change of ownership

**10 Which of the following is NOT a form of extraordinary partnership?**

- a) The anonymous partnership
- b) The commanditaire partnership
- c) The closed-partner partnership
- d) The sleeping partnership

**ANSWERS:**

- 1. c
- 2. a
- 3. b
- 4. c
- 5. a
- 6. b
- 7. c
- 8. c
- 9. b
- 10. c

## **Chapter 8**

**1 Which of the following business categories is NOT a major contributor to employment?**

- a) Fast food outlets
- b) Private school outlets
- c) Petroleum outlets
- d) Retail outlets

**2 Which of the following is NOT an advantage of franchising?**

- a) Receiving on-going advice, training, research and development
- b) Determining relationships to promote co-operation
- c) Reduced capital outlay with increased profits
- d) Brand awareness

**3 When buying a franchise, the franchisee is obliged to pay the franchisor for the right to use the name and its system. The payments may vary depending on the franchise, but in broad terms can be categorised as follows, which one does NOT apply?**

- a) Upfront fee
- b) Advertising fee
- c) Retail fees
- d) Management service fee (royalty)

**4 \_\_\_\_\_ is a trade association for franchisors, franchisees and the professional organisations that service the franchise industry.**

- a) Franchising Association (FASA)
- b) Personal referrals
- c) Different franchise news groups
- d) Advertisements in newspapers and magazines

**5 According to Vaughn (1979:67) and Rodkin (1996:19-21) the following could be seen as disadvantages of franchising. Which one does NOT apply?**

- a) The service by provided by the franchisor to the franchisee can be expensive.
- b) The franchise contract may have been formulated in such a manner that it only protects the rights of the franchisor.
- c) A successful franchise could ensure excellent resale value to an established business.
- d) The trade name is not always of value because customer satisfaction with the product or service soon became more important than the trade name.

**6 Which of the following does NOT apply in identifying and choosing a franchise business to buy?**

- a) The initial screening of the franchise
- b) Researching the core of the business
- c) Researching the history of the franchisor
- d) Researching existing franchisees to establish their experience with the franchisor

**7 Where the initial fee for obtaining a franchise is relatively high, the prospective franchisee needs to be careful. He should scrutinise the franchise carefully. Which one does NOT apply in the scrutinising process?**

- a) The chances for the business success.
- b) The potential long term profitability of the business.
- c) The geographical location of the franchise.
- d) Whether the franchisor is really good at marketing and purchasing.

**8 Which one of the following does NOT form part of the disclosure document provided by FASA to franchisees, regarding relevant information about the company and the franchise opportunity.**

- a) Company's track record.
- b) Initial investment required.
- c) Description of the franchise.
- d) Financial data of the franchisees

**9 According to Potgieter (1997a:a16) the franchise agreement is a founding document that describes the agreement between the franchisor and the franchisees. Which of the following aspects does NOT form part of the franchise agreement?**

- a) Terms and conditions for termination of the contract.
- b) Accounting system to be used.
- c) Description of your heir's rights in the event of your death.
- d) Guidelines in the location of the franchise.

**10 The operation and production manual is sometimes referred to as the franchisee's Bible. Which of the following is NOT a topic covered in this document?**

- a) An introduction to the franchise covering the general business and related industries that the franchise is operating in.
- b) Step-by-step guidelines to address the specific legal and statutory requirements.
- c) The duties of the franchisees.
- d) The accounting and administration system to be used.

**ANSWERS:**

- 1. b
- 2. c
- 3. c
- 4. a
- 5. c

- 6. a
- 7. d
- 8. d
- 9. c
- 10. c

## Chapter 9

### **1 Ethics is:**

- a) Doing what others will do in the same situation
- b) Finding the balance between what is good for the self and the other
- c) What will ensure the best value for money
- d) Not different for each person in the company
- e) The outcome of discipline

### **2 Business ethics is:**

- a) The responsibility of the stakeholders
- b) The laws and policies in the organisation
- c) How the customers feel about the business
- d) Is a prerequisite for sustainable business
- e) Punishable by using criminal law

### **3 An ethical dilemma:**

- a) Refers to the grey area between what is wrong and right
- b) Is the conflict between the employer and the employees
- c) Can be resolved through the disciplinary procedure
- d) Is the problem of the employee and not the employer
- e) Must be referred to external dispute resolution institutions.

### **4 In which one of the modes of managing ethics are mechanisms put into place to enforce policies and procedures?**

- a) Immoral
- b) Reactive
- c) Submission
- d) Compliance mode
- e) Integrity

### **5 The preamble of the Code of Ethics is usually written by:**

- a) Consultants
- b) Customer
- c) The entrepreneur or the CEO
- d) Employees
- e) Suppliers

### **6 Which one of the following is not specifically regarded as an ethical issue:**

- a) Conflict of interests
- b) Giving and receiving of gifts

- c) Corporate colours
- d) Compliance with laws
- e) Health and Safety

**7 Which one of the following are not generally regarded as stakeholders – but could be under specific circumstances:**

- a) Customers
- b) Suppliers
- c) Environment
- d) Government
- e) Employees

**8 Which one of the following questions doesn't belong in the ethics decisioning model?**

- a) What are my options?
- b) Are they legal and in line with company policies and procedures?
- c) How much will it cost?
- d) Can I tell my friends and family about it?
- e) How will I feel once I have done this?

**9 An ethics hotline (Whistle Blowers' Hotline)**

- a) Ensures that a case will be investigated
- b) Does not guarantee anonymity
- c) Could be used by clients as well as employees
- d) Is an internal conflict resolution mechanism
- e) Reports directly to the entrepreneur

**10 An ethics advice line**

- a) Guarantees anonymity
- b) Ensure that employees have the protection of privacy
- c) Provides employees with possible answers to their ethical dilemmas
- d) Ensures prosecution of wrong doers
- e) Is a legal requirement

## ANSWERS

- |    |   |
|----|---|
| 1  | b |
| 2  | d |
| 3  | a |
| 4  | d |
| 5  | c |
| 6  | c |
| 7  | d |
| 8  | c |
| 9  | a |
| 10 | c |

## Chapter 10

**1 The accounting cycle starts when:**

- a) A transaction is recorded
- b) A transaction has occurred
- c) when information is summarised in the general ledger
- d) when the financial statements are prepared

**2 An entity is an economic unit that operates, and whose financial statements are recorded:**

- a) Independently
- b) Dependently
- c) Together
- d) All of the above

**3 The accrual concept entails that an expense is recognised in the financial statements when:**

- a) The expense is incurred and the money for it has been paid
- b) The expense has not been incurred and the money has been paid for it
- c) The expense has been incurred whether or not money has been paid for it.
- d) All of the above

**4 Depreciation can be classified as:**

- a) An income
- b) A cash item
- c) An asset
- d) A non-cash item

**5 Stationery on hand will form part of:**

- a) Expenses in the statement of comprehensive income
- b) Income in the statement of changes in equity
- c) Inventories in the statement of financial position
- d) None of the above

**6 Capital withdrawn from the entity for personal use:**

- a) Decreases the equity of the entity
- b) Increases the equity of the entity
- c) Increases the assets of the entity
- d) Decreases the liabilities of the entity

**7 Stationery consumed will form part of:**

- a) Income in the statement of changes in equity
- b) Expenses in the statement of comprehensive income
- c) Inventories in the statement of financial position
- d) None of the above

**8 Liquidity refers to:**

- a) The financing strategy of an entity
- b) The financial leverage of an entity
- c) The ability of an entity to commit to short-term obligations
- d) The speed in which accounts is converted into cash

**9. Activity ratios measure:**

- a) The financing strategy of an entity
- b) The financial leverage of an entity
- c) The ability of an entity to commit to short-term obligations
- d) The speed in which accounts is converted into cash

**10. The total current assets of an entity amounts to R100 000. Included in the total current assets is inventory to the value of R30 000. The total current liabilities of this entity amounts to R35 000. The acid-test ratio of this entity is:**

- a) 2:1
- b) 1:1
- c) 1.5:1
- d) 2.2:1

**ANSWERS:**

- 1. b
- 2. a
- 3. c
- 4. d
- 5. c
- 6. a
- 7. b
- 8. c
- 9. d
- 10. a

## Chapter 11

**1 In a pro-forma statement of cash flows, an entrepreneur is working with**

- a) The income earned and expenses incurred
- b) The assets, equity and liabilities of an entity
- c) The physical cash flow of an entity
- d) None of the above

**2 The pro-forma statement of comprehensive income should be prepared for a period of:**

- a) 12 months
- b) 2 years
- c) 3 years
- d) 4 years

**3 The pro-forma statement of financial position should be reflecting information for a period of at least:**

- a) 12 months
- b) 2 years
- c) 3 years
- d) 4 years

**4 The statement of cash flows should reflect the projected cash flows for at least the following period:**

- a) 12 months
- b) 2 years
- c) 3 years
- d) 4 years

**5 In order to have a successful business plan for the obtainment of funds, the owner(s) must also be able to show:**

- a) That they will be actively involved in the daily management of the business.
- b) That they have made a substantial capital contribution to the business already.
- c) That they have already made efforts to get the business up and running and tried to sell products / deliver a service already.
- d) That they have done nothing yet and that they only need the funds

**6 Financial planning provides:**

- a) Specific outcomes of past activities
- b) Specific outcomes of present activities
- c) Non-specific outcomes of future activities
- d) Specific outcomes of future activities

**7 Fixed costs are:**

- a) The sales revenue per unit
- b) Costs that are unaffected by increases or decreases in volume of output.

- c) Costs that are unaffected by increases or decreases in volume of input.
- d) Costs that tend to increase in the volume of output or sales

**8. Variable costs are:**

- a) The sales revenue per unit
- b) Costs that are unaffected by increases or decreases in volume of output.
- c) Costs that are unaffected by increases or decreases in volume of input.
- d) Costs that tend to increase in the volume of output or sales

**9. Fixed costs amount to R500. The variable cost per unit is R30. The selling price per unit is R80. The break-even volume will be:**

- a) 10 units
- b) 5 units
- c) 8 units
- d) 15 units

**10. The cash budget recognises income:**

- a) When it is earned but not yet received in cash.
- b) When it is earned and received in cash
- c) When it is paid
- d) None of the above

**Answer:**

- 1. c
- 2. d
- 3. b
- 4. a
- 5. c
- 6. d
- 7. b
- 8. d
- 9. a
- 10. b

## Chapter 12

**1 The cover sheet should contain information about the business, including the name of the \_\_\_\_\_ and \_\_\_\_\_.**

- a) Products and services
- b) Business and address
- c) Principal and business
- d) Business and product

**2 The process of formulating a business plan helps the entrepreneur to update the:**

- a) Business strategy
- b) Business employment structure
- c) Business ownership
- d) None of the above

**3 Which of the following is something that the business plan cannot do?**

- a) Develop a sound business strategy
- b) Aid the entrepreneur to work smartly rather than harder
- c) Setting clear business goals and objectives
- d) Predict the future

**4 One of the negative effects of a business plan is that it:**

- a) Cannot aid the entrepreneur to develop business strategies
- b) Does not guide the entrepreneur to develop realistic goals
- c) Rapidly becomes outdated because of changing market conditions
- d) Does not help the entrepreneur to be motivated

**5 Which one of the following is not part of the steps involved in preparing a business plan?**

- a) Determine the present status of a business

- b) Describe where you want to go with the business and to develop goals to take you there
- c) Submit the business plan when applying for funds
- d) Formulate an action plan to facilitate the realisation of objectives

**6 The \_\_\_\_\_ of the business plan briefly sets out the business plan indicating the major objectives and describing the products and (or) services, market strategy and some financial projections**

- a) Cover sheet
- b) Executive summary
- c) Brief history
- d) Appendices

**7. Business plans:**

- a) Predict the future.
- b) Guarantee funding.
- c) Cannot predict the future
- d) Can raise all the money required.

**8. Good executive summaries:**

- a) Cannot sell ideas
- b) Can sell ideas
- c) Can guarantee funding
- d) All of the above

**9. A business plan is:**

- a) A static document
- b) A living document
- c) A financial document
- d) An economic indicator

**10. A well-formulated business plan could also be a \_\_\_\_\_ document on which to plan future endeavours.**

- a) Financial
- b) Managerial
- c) Source
- d) Nice to have

**ANSWERS:**

- 1. c
- 2. a
- 3. d
- 4. c
- 5. c
- 6. b
- 7. c
- 8. b
- 9. b
- 10. c

## Chapter 13

**1 To manage a new venture effectively, the entrepreneur has to develop and perform certain managerial tasks. Which one of the following is not a managerial task?**

- a) Delegating
- b) Control
- c) Decision making
- d) Leading
- e) Organizing

**2 Which one of the following is not a functional area typically identified in a business organization (on Level 1)?**

- a) Finance
- b) Manufacturing
- c) Purchasing
- d) Human resources
- e) Marketing

**3 The financial function of the established enterprise is concerned with the real flow of funds within the venture and can be divided as four functions. Which one of the following is not a function?**

- a) The administration of and reporting on financial matters
- b) The acquisition of funds, also known as financing
- c) The advancement of funds by giving credit to customers
- d) The application of funds by acquiring assets and the different production factors such as labour
- e) Those related to the preparation and analysis of pro forma financial statements

**4. Once the entrepreneur decides to appoint people to support and help him or her in achieving the goals set for the venture, the \_\_\_\_\_ function comes into being.**

- a) Management
- b) Human resources
- c) Public relations
- d) Administrative

e) Marketing

**5** \_\_\_\_\_ involves pointing the way and getting others to follow willingly.

a) Motivation

b) Management

c) Decision making

d) Leadership

e) Marketing

**6** \_\_\_\_\_ stems from the reasonable expectation among employees and customers that the entrepreneur should be the business's biggest booster and champion.

a) Operation

b) Initiative

c) Inspiration

d) Ideas

e) Innovation

**7** An entrepreneurial team consists of \_\_\_\_\_ or more individuals who combine their efforts to function in the capacity of entrepreneurs.

a) Three

b) Five

c) Four

d) Six

e) Two

**8** An action plan is similar to a \_\_\_\_\_ plan in that it is used to track progress. It also serves to track how well the chosen solution worked.

a) Marketing

b) Business

c) Financial

d) Management

e) Administrative

**9** \_\_\_\_\_ is the most important function since it occurs at all stages and levels of the business and is also part and parcel of all the other tasks performed in the business.

- a) Decision making
- b) Planning
- c) Control
- d) Organising
- e) Leading

**10** A \_\_\_\_\_ plan is usually drawn up for the business as a whole by, or in close co-operation with top management. It is also referred to as the total plan, overall plan or broad plan.

- a) Standing
- b) Single-used
- c) Long- and medium-term
- d) Master and divisional
- e) Short-term

**ANSWERS:**

- 1. a
- 2. d
- 3. e
- 4. b
- 5. d
- 6. c
- 7. e
- 8. b
- 9. b
- 10. d

## **Chapter 14**

**1 The ability to recognize the flow of margin that follows the flow of goods is known as \_\_\_\_\_.**

- a) Product pricing
- b) Direct selling
- c) Service management
- d) Product management
- e) Profit management

**2 \_\_\_\_\_ is known as the skills in identifying, meeting, and developing new customers and in closing sales.**

- a) New product planning
- b) Customer relations
- c) Marketing planning
- d) Direct selling
- e) Sales management

**3 The \_\_\_\_\_ product/service is the basic product or service plus any extra or unsolicited benefits to the consumer that may prompt a purchase.**

- a) Augmented
- b) Actual
- c) Core
- d) Valid
- e) Original

**4 \_\_\_\_\_ is defined as the proactive identification, evaluation, and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging, and value creation.**

- a) Target market
- b) Niche market
- c) Entrepreneurial marketing

- d) Small business marketing
- e) Market analysis

**5 The experience of \_\_\_\_\_ is to induce bodily experiences in response to motivational and inspirational content by illustrating lifestyles and ways of doing things that would enhance customers' well-being, provided that they change their behaviour.**

- a) Relate
- b) Sense
- c) Act
- d) Feel
- e) Think

**6 You should ask yourself if your advertising deliver the message you want to the audience that you are targeting. Which one of the following does not belong to the Six-Sentence Advertising Strategy?**

- a) Primary link
- b) Company personality
- c) Audience reaction
- d) Target audience
- e) Secondary benefits

**7 \_\_\_\_\_ is a company-wide strategy designed to optimize profitability, revenue, and customer satisfaction by focusing on highly defined and precise customer groups.**

- a) Marketing mix
- b) Customer Relationship Management
- c) Promotional mix
- d) Niche market
- e) Experimental marketing

**8 \_\_\_\_\_ price refers to the highest price that would produce your desired level of sales or revenues in your target market.**

- a) Maximum
- b) Target
- c) Variable
- d) Optimum
- e) Fixed

**9** \_\_\_\_\_ refers to any form of persuasive communication designed to inform consumers about a product or service and to influence them to purchase these goods or services.

- a) Direct selling
- b) Public relations
- c) Promotion
- d) Customer relationships
- e) Target marketing

**10** Which one of the following is not one of the Pillars of a Marketing's Code of Ethics?

- a) Trust
- b) Citizenship
- c) Honesty
- d) Fairness
- e) Responsibility

**ANSWERS:**

- 1. e
- 2. d
- 3. a
- 4. c
- 5. c
- 6. a
- 7. b
- 8. d
- 9. c
- 10. a

## **Chapter 15**

### **1 Operations management is**

- a) The processes and procedures that are put in place to manage resources
- b) The processed and procedures that are put in place to manage men and materials
- c) The process and procedures that are put in place to managed all venture resources.
- d) The process and procedures that are put in place to managed all venture resources needed to produce products and services

### **2 The ultimate judge of product or service quality is**

- a) All employees
- b) The worker
- c) The owner of the business
- d) The customer

### **3 A retail shop owner wants to implements a Total Quality Management approach:**

#### **As a start the owner must:**

- a) Keep record.
- b) Force regular quality checks.
- c) Train all employees
- d) Benchmarking

### **4 In a recording studio production process, a compact disc constitutes**

- a) An input
- b) A throughput
- c) An output
- d) A process

### **5 An operations strategy is:**

- a) Use one supplier
- b) Use multiple suppliers
- c) Gather historical information on sales
- d) Best combination of work size, working hours available, inventory against orders received

### **6 Manufacturing operations are generally characterised by:**

- a) Little customer contact and intangible products
- b) Measurable productivity and intangible products
- c) Measurable productivity and little customer contact
- d) Tangible products and measurable productivity

**7 Maintenance that is intended to prevent breakdown of machinery and equipment or a facility is referred to as:**

- a) Maintenance
- b) Temporary maintenance
- c) Preventive maintenance
- d) Corrective maintenance

**8 A venture should decide to make components (as opposed to buying them) when:**

- a) Additional productive capacity is needed.
- b) They want to keep their design secret
- c) Suppliers are not reliable
- d) Both B and C

**9 Some of the key components of an operations plan are:**

- a) Location
- b) Layout
- c) Material and equipment
- d) All of the above

**10 Factors amongst each other that needs to be taken into consideration when selecting a business location are:**

- a) Family preferences
- b) Climate
- c) Site availability
- d) All of the above

**ANSWERS:**

- 1. d
- 2. d
- 3. d

- 4. a
- 5. d
- 6. d
- 7. d
- 8. d
- 9. d
- 10. d

## Chapter 16

**1 The relationship of the HR strategy to the broader strategy of a business includes various questions. For example, planning proceeds top-down. Which one of the following does not fit?**

- a) What competencies, incentives and work practices support high performance?
- b) What must we execute well?
- c) When do we compete and execute?
- d) How do we delight our internal and external customers?
- e) How do we compete?

**2 \_\_\_\_\_ is the distinctive and unwritten code of conduct that governs the behaviour, attitudes, relationships and style of an organization.**

- a) Diversity
- b) Change
- c) Ethics
- d) Human resources
- e) Company culture

**3 “Many workers take pride in the fact that they work for a company that is ethical and socially responsible.” Which one of the following suits this quality best?**

- a) Integrity
- b) Participative management
- c) A sense of purpose

- d) Learning environment
- e) A sense of fun

**4** \_\_\_\_\_ is a relatively low-cost, although time-intensive method of recruiting. Benefits include receiving a credible critique of a potential candidate's work experience and personal character.

- a) Advertising
- b) Head-hunting
- c) An agency
- d) Networking
- e) Word-of-mouth

**5** By using an \_\_\_\_\_, an employer can collect enough information to determine whether a prospect is minimally qualified and provide a basis for further evaluation

- a) Curriculum Vitae
- b) Social networking
- c) Application form
- d) Advertisement
- e) Online form

**6** Small business owners should recognize that what they do before they start interviewing candidates for a position will determine how successful they will be at hiring winning employees. The first step is to perform a \_\_\_\_\_.

- a) Job application
- b) Job analysis
- c) Job orientation
- d) Job description
- e) Job specification

**7** A \_\_\_\_\_ is a written statement of the qualifications and characteristics needed for a job stated in terms such as education, skills, and experience.

- a) Job specification
- b) Application form
- c) Curriculum Vitae
- d) Job description
- e) Job analysis

**8 Performance appraisals should be based on an employee's \_\_\_\_\_.**

- a) Job agreement
- b) Employment letter
- c) Job analysis
- d) Job specification
- e) Job description

**9 The balance scorecard emphasises the importance of focusing on both \_\_\_\_\_ and leading indicators.**

- a) Financial
- b) Lagging
- c) Profit
- d) Economic
- e) Performance

**10 To adopt a strategic approach to \_\_\_\_\_ allows an organization to focus more of its resources directly on generating value for its customers.**

- a) Networking
- b) Performance agreement
- c) Contracting
- d) Outsourcing
- e) Scorecards

**ANSWERS:**

- 1. c
- 2. e
- 3. a
- 4. d

- 5. c
- 6. b
- 7. a
- 8. e
- 9. b
- 10. d

## Chapter 17

**1 There are no specific requirements for the \_\_\_\_\_ of a partnership.**

- a) Taxation
- b) Registration
- c) Unemployment insurance
- d) Payment of levies

**2 A business venture must register with the Receiver of Revenue with regards to the following?**

- a) Unemployment insurance
- b) Workmen's compensation
- c) Income tax
- d) Trading licenses

**3 A business venture must register for the payment of VAT – what does VAT stand for?**

- a) Valuable Asset Tax
- b) Value Attraction Tax
- c) Value Asset Table
- d) Value Added Tax.

**4 It is necessary for a business that employs people to register with the Department of Labour and the appropriate Commissioners for the payment of:**

- a) Income tax and Value Added Tax
- b) Unemployment Insurance and Workmen's Compensation

- c) Trading Licenses and Property Tax
- d) Levies and Income Tax

**5 With which authority should the entrepreneur register if he or she is providing certain health facilities or recreation?**

- a) Local Authority
- b) South African Revenue Service
- c) Department of Labour
- d) Unemployment Commission

**6 A \_\_\_\_\_ refers to a brand name in the sense of a product or a service rendered by a specific enterprise.**

- a) Product name
- b) Name of the Service
- c) Trademark
- d) Quality mark

**7 The \_\_\_\_\_ of the business venture must be displayed outside each office or premise where the business is operating**

- a) Owner's name
- b) License number
- c) Full name
- d) Product name

**8 If form CK1 for the establishment of a closed corporation has been signed by another person on behalf of a member, it must be accompanied by:**

- a) Form CK7
- b) A letter of consent from the accounting officer
- c) A letter from a lawyer
- d) A proxy of authorization from the member

**9 The name of a company should be reserved using the following:**

- a) Form CK7

- b) Form CM5
- c) Form CM22
- d) Form CK1

**10 Which of the following expenses may not be deducted from the taxable income of individuals, companies of close corporations operating a business?**

- a) Depreciation or wear-and-tear allowance on vehicles, equipment and articles used in the business
- b) Travelling expenses incurred on behalf of the business
- c) Interest paid on loans used for the production of income
- d) Gifts to family members

#### **ANSWERS**

- 1. b
- 2. c
- 3. d
- 4. b
- 5. a
- 6. c
- 7. c
- 8. d
- 9. a
- 10. a

## Chapter 18

**1 Entrepreneurs should continuously scan economic trends to enable them to respond to changes**

- a) in the market
- b) in the economy
- c) in the country
- d) in the company

**2 Prospective and existing entrepreneurs should use the knowledge they acquire regarding economic trends in their business plans, in \_\_\_\_\_, in identifying markets and products for their services, in conducting market planning, in deciding upon expanding their business, in making decisions about new outlets and in calculating business risks**

- a) determining market trends
- b) identifying market segments
- c) verifying market segmentations
- d) identifying business opportunities

**3 The term 'business cycle' refers to \_\_\_\_\_ in economic activity, measured by fluctuations in real Gross Domestic Product (GDP) as well as other macroeconomic variables**

- a) cyclical but irregular up-and-down movements
- b) non-cyclical but irregular up-and-down movements
- c) cyclical but regular up-and-down movements
- d) non-cyclical but regular up-and-down movements

**4 A \_\_\_\_\_ occurs when an economy is experiencing negative real growth in its gross domestic product (GDP).**

- a) Downturn
- b) Slump
- c) Contraction
- d) Recession

**5 The \_\_\_\_\_ phase of the business cycle follows the boom phase when real GDP and employment growth rates start to decline. At the same time consumer and business confidence levels decrease while a growing number of consumers and businesses become increasingly financially vulnerable.**

- a) Downturn

- b) Slump
- c) Contraction
- d) Recession

**6 Entrepreneurs who consider becoming involved in mining and quarrying sector need to take note of the \_\_\_\_\_ of earnings in this sector, that a very large capital outlay is required to set up a business in this sector and that the demand for goods and services from this sector is dependent upon the \_\_\_\_\_ of commodity prices on national and international commodity markets.**

- a) Low volatility
- b) Stability
- c) Relative volatility
- d) Erratic nature

**7 Entrepreneurs becoming involved in the manufacturing sector of the economy need to take note of the fact that the business cycle in this sector is very similar to that of the economy as a whole but experience \_\_\_\_\_ contractions than the economy as a whole.**

- a) Deeper
- b) Lower
- c) Stronger
- d) Smoother

**8 The \_\_\_\_\_ nature of this electricity, gas and water supply industry together with the large capital requirements for setting up and running a business in this sector makes it difficult for new businesses to survive in this sector.**

- a) Oligopolistic
- b) Monopolistic
- c) Skills intensive
- d) Monopolistic

**9 The 1990's in South Africa will probably be remembered as the decade during which a large number of highly skilled people who were ex-employees or who could not find suitable employment became consultants or other form of \_\_\_\_\_ providers.**

- a) Labour
- b) Business service
- c) Skills
- d) Product

**10 Failing to base business decisions on \_\_\_\_\_ often have disastrous**

**consequences for entrepreneurs.**

- a) Business knowledge
- b) Business cycles
- c) Business flair
- d) Business analyses

**ANSWERS**

- 1. b
- 2. d
- 3. a
- 4. c
- 5. b
- 6. c
- 7. a
- 8. d
- 9. b
- 10. b

**Chapter 19**

**1 The first stage in the life-cycle of a business is:**

- a) Start-up
- b) Seed or concept
- c) Product and organisational development
- d) Maturity

**2 Which of the following does not take place during the start-up stage of the business venture?**

- a) Initial screening of product and business ideas
- b) Completing and testing a prototype of a product or service idea
- c) Identifying initial customers and suppliers
- d) Undertaking a market analyses

**3 At which stage of a business venture do financial institutions and investors traditionally show no interest in funding a business venture?**

- a) Start-up
- b) Rapid expansion
- c) Seed or concept
- d) Product and organizational development

**4 At which stage of a business venture does it become a going concern?**

- a) Product, service and organizational development
- b) Start-up
- c) Rapid expansion
- d) Seed or concept

**5 Which of the following tasks are typical of the Production and Market Development stage of a business venture?**

- a) Identification and assembling the management team
- b) Achieve market penetration
- c) Selling the venture
- d) Developing strategies for secondary and follow-up products or services

**6 Which statement describes the maturity and stability stage of a business venture the best?**

- a) The entrepreneur has to let go of power and control over key decisions and responsibilities
- b) Potential for major success is beginning to be apparent
- c) Volume production and initial market penetration
- d) The venture becomes self-sufficient as far as financing needs are concerned.

**7 Which of the following are typical characteristics of high growth ventures?**

- a) All entrepreneurs can be described as hardy, ambitious, goal-achieving dreamers

- b) When starting out, they build an entrepreneurial team around them
- c) The business plan is like running the venture on paper
- d) All of the above

**8 \_\_\_\_\_ is a very simple focus and on end result and trying to make it happen?**

- a) Creating a business vision
- b) Delegation
- c) Management by objectives
- d) Expand carefully

**9 The high growth venture has a particular people challenge during high growth and should thus:**

- a) Hire someone that can grow with the venture
- b) Hire people only for jobs that is presently available
- c) Ignore any training as it is a waste of money
- d) Do not hire anybody at present

**10 Which of the following are not aspects to be considered in managing high growth ventures?**

- a) Expanding carefully
- b) Leading people and managing things
- c) Developing a business plan
- d) Delegation

## **ANSWERS**

- 1 b
- 2 a
- 3 c
- 4 a

- 5 d
- 6 e
- 7 d
- 8 c
- 9 a
- 10 c

## **Chapter 20**

### **1 The four corporate entrepreneurial constraints are:**

- a) Strategic Decisions; Policies; System and Structures
- b) Policies; Procedures; System and Structures
- c) Strategic Decisions; Procedures; System and Structures
- d) Strategic Decisions; Policies and Procedures; System and Structures

### **2 Individuals starting a new successful, venture is often:**

- a) Energetic, bold, taking risks, unconventional and individuals who do not pay attention to normal structures, they identify opportunities, gather resources and pursue their goals.
- b) Energetic, bold, taking risks, unconventional and individuals who do not pay attention to normal structures, they lack ethics and identify opportunities, gather resources and pursue their goals irrespective of company rules.
- c) Energetic, bold, taking risks, unconventional and individuals who do not pay attention to normal structures, they identify opportunities, gather resources and pursue their goals.
- d) Energetic, bold, taking risks, unconventional and individuals who do not pay attention to normal structures, they identify opportunities, gather resources.

### **3 Several ways to promote corporate entrepreneurship are:**

- a) Listen to new employees and young people
- b) Allow employees to experiment with low risk opportunities.
- c) Build trust amongst employees the company and management
- d) All of the above

**4 Some of the characteristics associated with a corporate entrepreneur are:**

- a) A middleclass person often highly educated with some technical background and perceives transactions within hierarchy as a basic relationship.
- b) A middleclass person, highly educated with technical background and perceive transactions within hierarchy as a basic relationship
- c) A person of high standing, often highly educated with technical background and perceive transactions within hierarchy as a basic relationship
- d) A middleclass person often not educated but with a technical background, perceive transactions within hierarchy as a basic relationship.

**5 Elements required to create an entrepreneurial corporate culture amongst others are:**

- a) Know what is going on in your company; Encourage commitment and take responsibility
- b) Pay attention to the basics (for example regular feedback, recognition);Doing the right things (provide promised resources);Know what is going on in your company; Encourage commitment and take responsibility
- c) Pay attention to the basics; Encourage commitment and take responsibility; Encourage commitment and take responsibility
- d) Pay attention to the basics (for example regular feedback, recognition); know what is going on in your company.

**6 Amongst other issues, entrepreneurs most likely do not like to...**

- a) delegate responsibilities
- b) give freedom to their employees
- c) give up control of their business activities
- d) all of the above

**7 The difference between management and corporate entrepreneurship lies in that...**

- a) Managers collect facts, analyse, report on progress. They pay attention to basic managerial principles when required. The corporate entrepreneur has vision and he or she has a willingness to take calculated risks to create a future.
- b) Managers collect facts, analyse, report on progress. They pay attention to basic managerial principles and values with a strong sense of accountability. The corporate entrepreneur has vision and he or she has a willingness to take risks to create a future.
- c) Managers collect facts, analyse, report on progress. They pay attention to basic managerial principles and values with a strong sense of accountability. The corporate entrepreneur has vision and he or she has a willingness to take calculated risks to create a future.
- d) Managers collect facts, analyse, report on progress. They pay attention to basic managerial principles and values with a sense of accountability at times. The corporate entrepreneur has vision and he or she has a willingness to take calculated risks to create a future.

**8 Corporate venturing ...**

- a) invests in new business;
- b) adding new business to existing businesses;
- c) invests in new business, or adding new business to existing businesses
- d) invests only in new businesses

**9 Strategic entrepreneurship is a term used when ...**

- a) The company needs to redefine its relationship with the external environment;
- b) External environment is dynamic due to new government legislation, new regulations, and change in region or local municipality laws, new competitors or new technology;
- c) The internal organisation must continuously be readjusted to meet the demands placed on them by the external environment;
- d) All of the above

**10 The external environment is made up of...**

- a) Government legislation, new competitors, new technology;

- b) Government legislation, regulations, local municipality laws, new competitors;
- c) Government legislation, new regulations, local municipality laws, new competitors, new technology;
- d) Regulations, local municipality laws, new competitors, new technology

**ANSWERS:**

- 1. d
- 2. c
- 3. d
- 4. a
- 5. b
- 6. d
- 7. c
- 8. c
- 9. d
- 10. c

## Chapter 21

**1** \_\_\_\_\_ could include poor pricing, overextension of credit, excessive leverage, and lack of cash budgeting and management,

- a) Strategic issues
- b) Management issues
- c) Poor financial practices and systems
- d) Employee issues

**2** Which of the following is a danger sign of business trouble?

- a) Increased profits and customer base
- b) Decrease in costs
- c) Early delivery of products and services
- d) Not knowing where next sale is coming from

**3** A business is in decline when its \_\_\_\_\_ slows down over consecutive periods and it experiences distress in continuing operations

- a) Performance and operations

- b) Research and development
- c) Costs and creativity
- d) None of the above

**4 Turnaround can also be seen as a return to \_\_\_\_\_ by the achievement of normal operations**

- a) Existing premises
- b) Positive cash flow
- c) Management styles
- d) Customer evaluations

**5 Changes in the business culture can be one of the \_\_\_\_\_ of business failure**

- a) External strategies
- b) External driving forces
- c) Internal opportunities
- d) Internal driving forces

**6 Unemployment and the call for capacity development are critical information in the \_\_\_\_\_ environment**

- a) Social
- b) Political
- c) Economy
- d) Customer behaviour

**7 Implementing \_\_\_\_\_ strategies should be linked both to the different functional areas within the business and entrepreneurial activities**

- a) Stabilising
- b) Security
- c) Turnaround
- d) Functional

**8 Human resource and industrial relations turnaround strategies could include:**

- a) Giving employees a greater say in managing the business
- b) Redesigning jobs
- c) Improving current management and employee positions
- d) Improving production processes

**9 When the marketing area is impacted by external factors, there should be:**

- a) An increased emphasis on entrepreneurial marketing activities
- b) Decreased emphasis on product quality
- c) Focusing on the procurement of large contracts
- d) Narrowing the scope of the marketing function

**10 Within the production area, downturns caused by internal factors require:**

- a) Specialising in low profit high cost margin products
- b) Increasing production facilities
- c) Improving inventory and materials control
- d) Decreasing quantity of present products

**ANSWERS:**

- 1. c
- 2. d
- 3. a
- 4. b
- 5. d
- 6. a
- 7. c
- 8. b
- 9. a
- 10. c

**Chapter 22**

**1 A business is classified as a family business in all cases except for:**

- a) Where one or more members of a family have a significant ownership interest.

- b) If a person is a controlling shareholder, rather than a state or corporation.
- c) Non-family member shareholders do not have controlling shareholding.
- d) The family has less than 20 percent controlling shareholding
- e) None of the above

**2 The development of a family business and succession are affected by all factors except for:**

- a) Size of the family
- b) Money
- c) Volume of Business
- d) Family members' managerial ability
- e) Technical ability

**3 Successful information entrepreneurs will access the best information available in order to:**

- a) Choose a domain name
- b) Design a site
- c) Arrange for payment terms
- d) Create social media presence
- e) All of the above

**4 A disadvantage of a technology entrepreneur is that:**

- a) Competition is global
- b) Modestly priced marketing tools
- c) Barrier of entry
- d) Social Networking
- e) None of the above

**5 \_\_\_\_\_ is a major advantage of a franchise**

- a) The franchisor
- b) Established name recognition
- c) The franchisee
- d) Creative control

e) Easy to negotiate terms

**6 The information entrepreneur no longer needs \_\_\_\_\_ to put the message out and to horde the author's potential profits.**

a) A micro-publisher

b) A sales team

c) A mega-publisher

d) A business plan

e) None of the above

**7 Creating an information product that is targeted to \_\_\_\_\_ is far more likely to sell than \_\_\_\_\_.**

a) A specific group; a general product

b) A large market segment; a small product

c) The internet; a physical product

d) Friends; untargeted products

e) All of the above

**8 It is very important to \_\_\_\_\_ a Family Business, because there are often established family dynamics involved.**

a) Register

b) Lay solid groundwork for

c) Own

d) Manage

e) Control

**9 The word \_\_\_\_\_ was originally used to describe a woman of rare, outstanding talent.**

a) Lady

b) Diva

c) Queen

d) Female

e) None of the above

**10 A diva entrepreneur is defined as:**

- a) A distinguished female entrepreneur who runs family, business, and life with heart, passion, and style
- b) A distinguished female entrepreneur who organizes and manages family, enterprise, and environment successfully
- c) A distinguished female entrepreneur who organizes and manages family, enterprise, and environment with love and care
- d) A distinguished female entrepreneur who organizes and manages business with heart, passion, and style
- e) A distinguished female entrepreneur who organizes and manages family, enterprise, and environment with heart, passion, and style

**ANSWERS:**

- 1. d
- 2. b
- 3. e
- 4. a
- 5. b
- 6. c
- 7. a
- 8. b
- 9. b
- 10. e