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MCQs with answers

Chapter 2: Entrepreneurship and small firms

1. According to the chapter, _____ are individuals who start new business ventures.

- a. Employees
- b. Innovators
- c. Entrepreneurs
- d. Inventors

Ans: C

2. According to the French economist, Jean Baptiste Say, entrepreneurs are defined as individuals who:

- a. Reduce costs of abundant resources
- b. Add value to abundant resources
- c. Reduce costs of scarce resources
- d. Add value to scarce resources

Ans: D

3. In introducing innovations, entrepreneurs destroy existing markets and create new ones.

This is Schumpeter's idea of _____:

- a. Creative destruction
- b. Commercialization
- c. Creative creation
- d. Invention

Ans: A

4. Individuals who hold or have held a minority or majority ownership stake in two or more firms, at least one of which was established or purchased are called _____:

- a. Novice entrepreneurs
- b. Solo entrepreneurs
- c. Corporate entrepreneurs
- d. Habitual entrepreneurs

Ans: D

5. Large firms like GE and Motorola are increasingly employing entrepreneurial thinking to enhance their futures. This phenomenon is an example of _____:

- a. Technical entrepreneurship
- b. Academic entrepreneurship
- c. Social entrepreneurship
- d. Corporate entrepreneurship

Ans: D

6. _____ of entrepreneurship propose that entrepreneurs perceive market gaps or identify unnoticed opportunities.

- a. Cognitive theories
- b. Personality theories
- c. Psycho-sociological theories
- d. Network theories

Ans: A

7. All of following are qualitative features of small firms, except:

- a. Small number of employees
- b. Informal culture
- c. Lack of market power
- d. Informal structure and organization

Ans: A

8. _____ are microenterprises that permit their owners to follow a desired pattern of living based on their passion.

- a. Salary-substitute firms
- b. Micro firms
- c. Lifestyle firms
- d. Entrepreneurial firms

Ans: C

9. According to the chapter, small firms face a number of disadvantages in trying to be innovative. These include the lack of:

- a. Financial resources
- b. Human resources
- c. Technical resources
- d. All of these

Ans: D

10. Small and Medium-Sized Enterprises (SMEs) are small firms with 500 or fewer employees in:

- a. India
- b. Europe
- c. USA
- d. Kenya

Ans: C