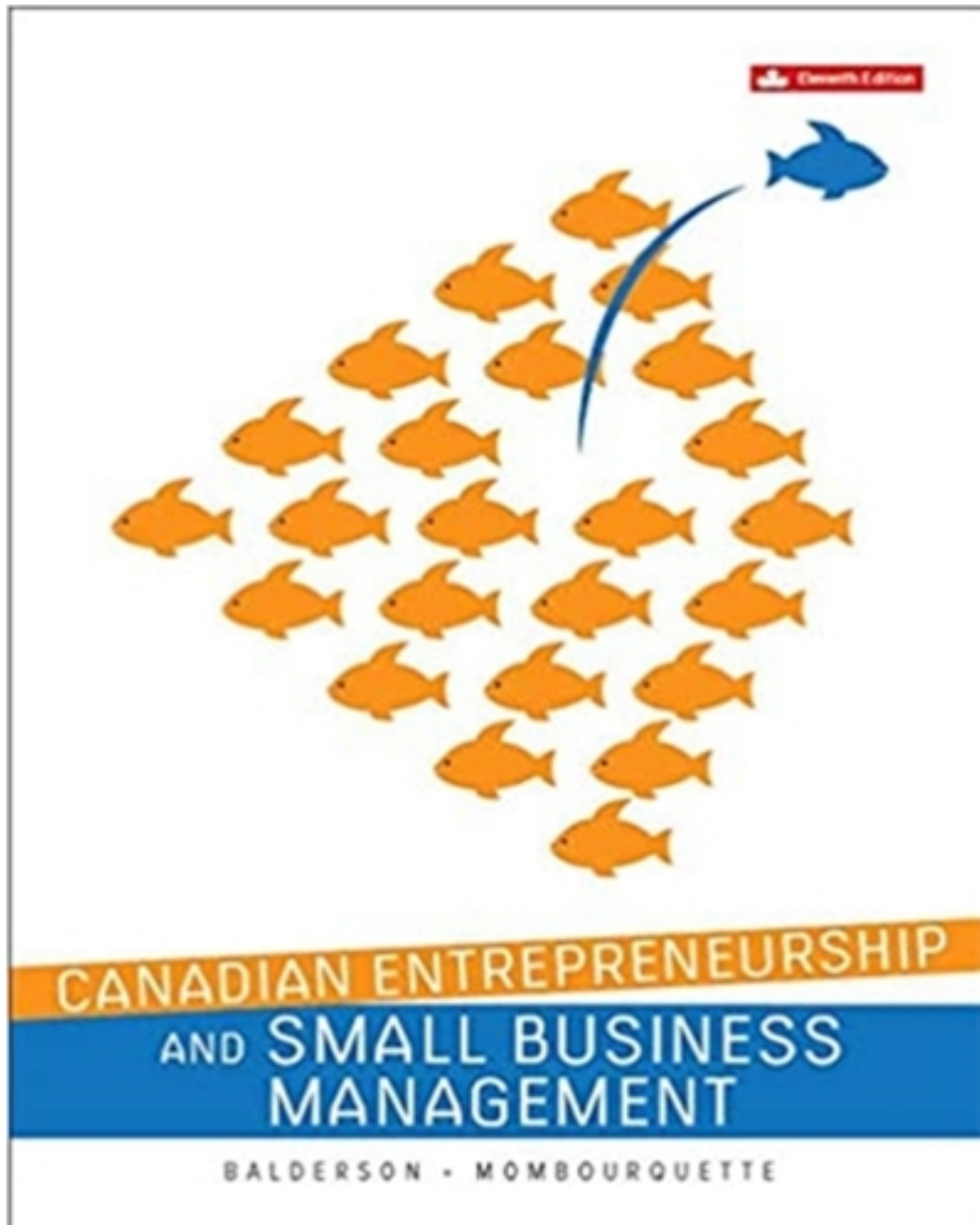


# Test Bank for Canadian Entrepreneurship and Small Business Management 11th Edition by Balderson

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# Test Bank

Chapter 02 - The Small Business Decision

**Chapter 02**  
**The Small Business Decision**

**Multiple Choice Questions**

1. Small businesses tend to be
- A. labour intensive.
  - B. capital intensive.
  - C. balanced between labour and capital intensity.
  - D. successful.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-03 Disadvantages of Small Business Ownership*

2. Which is not an advantage of small business ownership?
- A. Independence
  - B. Challenge
  - C. Skill development
  - D. More free time

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-02 Advantages of Small Business Ownership*

Chapter 02 - The Small Business Decision

3. The risks of self-employment include all of these EXCEPT
- A. income uncertainty.
  - B. work more than 9-5 schedule.
  - C. the business takes over the life of the owner.
  - D.** guaranteed income.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-03 Disadvantages of Small Business Ownership*

4. The primary reason most people start their own business is to
- A. build security for their family.
  - B. earn large sums of money.
  - C. use their skills/abilities.
  - D.** gain independence.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-02 Advantages of Small Business Ownership*

5. SmartHalo's owners chose to skip traditional market research, and
- A.** bring their products directly to market using a crowd-funding site.
  - B. chose to look online to see if there were any similar products on the market.
  - C. hired a marketing firm to conduct their own marketing research.
  - D. manufactured thousands of the product hoping that they would sell.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-01 The Small Business Decision: Personal Evaluation*

Chapter 02 - The Small Business Decision

6. In a recent RBC poll on Canadian Entrepreneurship, of the roughly 54 percent of Canadians with entrepreneurial intentions, what percent had already been earning money entrepreneurially?
- A. 25
  - B. 37
  - C. 56**
  - D. 72

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-01 The Small Business Decision: Personal Evaluation*

7. The ability to see, conceive, and create new and unique products/services is
- A. innovativeness.**
  - B. risk-taking.
  - C. product development.
  - D. locus of control.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.*

*Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs*

8. Personal characteristics of successful entrepreneurs include
- A. having a business degree.
  - B. risk taking and access to financial resources.
  - C. stubbornness.
  - D. risk taking and perseverance.**

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.*

*Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs*

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9. Entrepreneurial traits include

- A. risk adverse.
- B. being a team player.
- C. self-confidence.**
- D. works through others.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.*

*Topic: 02-05 Personality Characteristics Required By Successful Entrepreneurs*

10. A recent significant trend is that the greatest growth of small business start-ups come from those who have

- A. family money.
- B. post-secondary education.**
- C. internet programming skills.
- D. interesting names.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.*

*Topic: 02-04 Demographic Characteristics of Entrepreneurs*

11. Quite often, entrepreneurs tend to be

- A. lawyers of family owned businesses.
- B. children of parents that owned their own businesses.**
- C. not well educated.
- D. limited to people between 30 and 50 years of age.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-02 List the personal and organizational attributes of a successful small business owner.*

*Topic: 02-04 Demographic Characteristics of Entrepreneurs*

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12. Profit Magazine found that owners of small- and medium-sized businesses on average worked

- A. 65 hours per week.
- B.** 54 hours per week.
- C. 46 hours per week.
- D. 40 hours per week.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-01 Summarize the advantages and disadvantages of business ownership as a starting point in making the small business decision.*

*Topic: 02-03 Disadvantages of Small Business Ownership*

13. Even though they own their own businesses, entrepreneurs must still answer to

- A. their boss.
- B. neighbours.
- C.** customers and suppliers.
- D. no one.

*Accessibility: Keyboard Navigation*

*Difficulty: Hard*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-07 Small Business Successes*

14. Which of these is NOT a primary cause of small business failure?

- A. Incompetence and inexperience
- B. Lack of financial capacity
- C.** Management shows weakness by asking for help
- D. Lack of understanding financial information

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-08 Small Business Failures*

Chapter 02 - The Small Business Decision

15. The major causes of business failure include

- A. a manager not holding a business degree.
- B. growing too quickly.**
- C. the type of small business.
- D. the number of competitors.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-08 Small Business Failures*

16. Which is NOT a characteristic of a successful small business?

- A. High operating expenses**
- B. Alertness to change
- C. Ability to attract and hold competent employees
- D. Thoroughness with operating details

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-07 Small Business Successes*

17. Which is not an external shock that can negatively affect small business success?

- A. Downturn in the economy
- B. Loss of suppliers
- C. Poorly planned expansion**
- D. Changes in interest or currency rates

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-08 Small Business Failures*

Chapter 02 - The Small Business Decision

18. Which of these is NOT a specific area of managerial incompetence that contributes to small business failure?

- A. Lack of financial skill
- B. Poor or non-existent management information systems
- C. Company management does not ask for help
- D.** Excessive controls on management expenses

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-03 Explain the reasons some businesses succeed and others fail.*

*Topic: 02-08 Small Business Failures*

19. Entrepreneurial skills are required to

- A. maintain a business.
- B.** start a business.
- C. solidify existing operations.
- D. sell the business.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.*

*Topic: 02-10 Entrepreneurial Skills*

20. Managerial small business skills traits include

- A. creativity.
- B.** skills in several functional areas.
- C. innovativeness.
- D. risk-taking.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.*

*Topic: 02-11 Managerial Skills*



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21. In which situation would it be the most appropriate to utilize managerial skills?

- A. Generating ideas
- B.** Maintaining control of operations
- C. Generating solutions to problems
- D. Adding new products to the line

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.*

*Topic: 02-11 Managerial Skills*

22. Managerial skills are required to

- A. expand product lines.
- B. start a business.
- C. develop new ideas.
- D.** maintain a business.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.*

*Topic: 02-11 Managerial Skills*

23. Which of these is NOT an entrepreneurial trait?

- A. Flexibility
- B. Innovativeness
- C.** Team player
- D. Independence

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-04 Identify the differences between an entrepreneur and a manager.*

*Topic: 02-10 Entrepreneurial Skills*

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24. Which is not one of the Ten Commandments for intrapreneur success?

- A. Share credit wisely
- B. Come to work each day willing to be fired
- C. Ask for resources before asking for advice**
- D. Honour your sponsor

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-05 Describe entrepreneurial development in large businesses.*

*Topic: 02-12 Entrepreneurial Success in Large Businesses*

25. The primary motives of an intrapreneur are

- A. independence, ability to advance, and gain corporate rewards.**
- B. promotion and other traditional corporate rewards such as office, staff, and power.
- C. independence, opportunity to create, and money.
- D. recognition, staff, and promotion.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-05 Describe entrepreneurial development in large businesses.*

*Topic: 02-12 Entrepreneurial Success in Large Businesses*

26. Many large organizations realize that to remain competitive, they need to encourage

- A. entrepreneurial activity.
- B. intrapreneurial activity.**
- C. risk-taking activity.
- D. confidence-building activity.

*Accessibility: Keyboard Navigation*

*Difficulty: Easy*

*Learning Objective: 02-05 Describe entrepreneurial development in large businesses.*

*Topic: 02-12 Entrepreneurial Success in Large Businesses*

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27. The decision-making style of an intrapreneur is
- A. usually agree with those in upper management positions.
  - B. disagree with upper management decisions.
  - C.** able to get others to agree to help achieve a dream.
  - D. follow dream with decisions.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-05 Describe entrepreneurial development in large businesses.*

*Topic: 02-12 Entrepreneurial Success in Large Businesses*

28. The time orientation of an entrepreneur is
- A. short term-meeting quotas and budgets, weekly, monthly, quarterly, and the annual planning horizon.
  - B. medium term (two to four years)-depending on the urgency to meet self-imposed and corporate timetable.
  - C. long term (15-20 year plan)-to ensure continued growth of business.
  - D.** survival and achieving a 5-10 year growth of the business.

*Accessibility: Keyboard Navigation*

*Difficulty: Medium*

*Learning Objective: 02-05 Describe entrepreneurial development in large businesses.*

*Topic: 02-12 Entrepreneurial Success in Large Businesses*