

**Test Bank for Canadian Entrepreneurship and Small Business Management  
Canadian 10th Edition by Balderson and Mombourquette ISBN 1259102688  
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Solution Manual

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Test Bank

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**MULTIPLE CHOICE.** Choose the one alternative that best completes the statement or answers the question.

1) Small businesses tend to be:

- A) balanced between labour and capital intensity.
- B) labour intensive.
- C) capital intensive.
- D) none of the answers are correct.

Answer: B

2) Which of the following is not an advantage of small business ownership?

- A) More free time
- B) Skill development
- C) Independence
- D) Challenge

Answer: A

3) The risks of self-employment include all but which of the following?

- A) Work more than 9-5 schedule
- B) Income uncertainty
- C) The business takes over the life of the owner.
- D) Guaranteed income

Answer: D

4) The primary reason most people start their own business is to:

- A) earn large sums of money.
- B) build for their family.
- C) use their skills/abilities.
- D) gain independence.

Answer: D

5) In which phase is entrepreneurship most important?

- A) Hiring of key employees
- B) Start-up process
- C) Maintaining a positive cash flow
- D) Building a sufficient customer base

Answer: B

6) The entrepreneurial start-up process begins with:

- A) an innovative idea that is refined as the idea is thought through.
- B) a visit to the banker for start-up funds.
- C) a visit to the library for more information on the business.
- D) a visit to a business professor for advice.

Answer: A

7) The ability to see, conceive, and create new and unique products/services is:

- A) risk-taking.
- B) product development.
- C) locus of control.
- D) innovativeness.

Answer: D

8) Personal characteristics of successful entrepreneurs include:

- A) risk-taking and perseverance.
- B) having a business degree.
- C) perseverance.
- D) risk-taking and access to financial resources.

Answer: A

9) Entrepreneurial traits include:

- A) being a team player.
- B) works through others.
- C) developing strategy.
- D) creativity.

Answer: D

10) Profit Magazine found that owners of small- and medium-sized businesses on average worked:

- A) 45 hours per week.
- B) 60 hours per week.
- C) 54 hours per week.
- D) 40 hours per week.

Answer: C

11) Even though they own their own businesses, entrepreneurs must still answer to:

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

Answer: B

12) Which of the following is not a primary cause of small business failure?

- A) Lack of financial capacity
- B) Lack of understanding financial information
- C) Incompetence and inexperience
- D) Floods and tornados

Answer: D

13) The major causes of business failure include:

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

Answer: A

14) Which of the following is not a characteristic of a successful small business?

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

Answer: A

15) Which of the following is not an external shock that can negatively affect small business success?

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

Answer: B

16) Specific areas of managerial incompetence contributing to small business failure include:

- A) company management does not ask for help.
- B) lack of financial skill.
- C) poor or non-existent management information systems.
- D) all of the answers are correct.

Answer: D

17) Entrepreneurial skills are required to:

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

Answer: C

18) Managerial traits include:

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

Answer: C

19) In which situation would it be the most appropriate to utilize managerial skills?

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

Answer: D

20) Managerial skills are required to:

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

Answer: D

21) Which of the following is not an entrepreneurial trait?

- A) Innovativeness
- B) Independence
- C) Flexibility
- D) Teamplayer

Answer: D

22) Which of the following is not one of the Ten Commandments for intrapreneur success?

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

Answer: A

23) The primary motives of an intrapreneur are:

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

Answer: A

24) Many large organizations realize that to remain competitive, they need to encourage:

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

Answer: A

25) The time orientation of an entrepreneur is:

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

Answer: B