Small Business 1st edition Gupta Test Bank

SKU: 9781119591771-TEST-BANK

Chapter 1- Understanding Small Business

True/False

1. Small businesses play an important role in the economic growth of any country

   Answer: True
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

2. Small businesses in U.S. employ about half of America's private-sector employees

   Answer: True
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

3. Most small businesses in U.S. are single-person firms with no employees

   Answer: True
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

4. A small business is defined as one that is independently owned, operated, and is nationally dominated in its field of operation; and has less than 150 employees

   Answer: False
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

5. To classify a firm as a small business, the SBA counts employment at the firm level

   Answer: False
   Response: See 1.1
   Level: Medium
   Learning Objective: Discuss the importance of small business to the economy

6. According to the Small Business Administration, a small business is the one that has less than 50 employees

   Answer: False
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

7. Small businesses file more patents per employees than large businesses

   Answer: True
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

8. The minimum legal age requirement for starting a new business in U.S is 18 years

   Answer: False
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

9. Small firms and large corporations have a symbiotic relationship

   Answer: True
   Response: See 1.1
   Level: Easy
   Learning Objective: Discuss the importance of small business to the economy

10. The Paycheck Protection Program (PPP) is a loan designed for large corporations to provide compensation to their executives

    Answer: False
    Response: See 1.1
    Level: Easy
    Learning Objective: Discuss the importance of small business to the economy

11. Businesses recognized as large are eligible for SBA's loan programs

    Answer: False
    Response: See 1.1
    Level: Easy
    Learning Objective: Discuss the importance of small business to the economy

12. According to the text, entrepreneurship involves identifying and pursuing new opportunities to introduce novel goods and services to the market

    Answer: True
    Response: See 1.2
    Level: Medium
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

13. Small businesses and entrepreneurship are complementary

    Answer: True
    Response: See 1.2
    Level: Medium
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

14. Owners of lifestyle businesses do not need to improve products and operations

    Answer: False
    Response: See 1.2
    Level: Medium
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

15. The large firms that stop growing at some point are known as whales

    Answer: False
    Response: See 1.2
    Level: Easy
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

16. The term 'gazelle' is used for those entrepreneurial small firms that have high rates of growth

    Answer: True
    Response: See 1.2
    Level: Easy
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

17. A credit policy that is too lenient can cause collection and cash-flow problems later for small businesses

    Answer: True
    Response: See 1.2
    Level: Easy
    Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

18. Entrepreneurship is a born trait and cannot be learned

    Answer: False
    Response: See 1.3

Level: Easy
Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

19. One should start a business ONLY when the demand for its goods or services is high

    Answer: False
    Response: See 1.3
    Level: Easy
    Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

20. A growth mindset stipulates that one's skills and qualities are mutable

    Answer: False
    Response: See 1.3
    Level: Easy
    Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

21. One of the advantages of running your own business is that you get to do what you love to do

    Answer: True
    Response: See 1.3
    Level: Easy
    Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

22. US ranks higher than Canada on global indicators of commercial entrepreneurship

    Answer: False
    Response: See 1.4
    Level: Easy
    Learning Objective: Identify Various Forms of Entrepreneurship

23. In U.S., the desire to become a social entrepreneur is strongest for people between the age of 25 and 45

    Answer: True
    Response: See 1.4
    Level: Easy
    Learning Objective: Identify Various Forms of Entrepreneurship

24. Facebook and Insomnia Cookies are examples of businesses started by student entrepreneurs

Answer: True
Response: See 1.4
Level: Easy
Learning Objective: Identify Various Forms of Entrepreneurship

25. Silver entrepreneurship is about students running their own business

Answer: False
Response: See 1.4
Level: Medium
Learning Objective: Identify Various Forms of Entrepreneurship

Multiple Choice Questions

1. In U.S., small businesses comprise more than _____percent of all employers
A. 40
B. 99
C. 50
D. 30

Answer: B
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

2. Small businesses employ _____of all private sector employees
A. Half
B. One-third
C. Two-third
D. One-fourth

Answer: A
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

3. A small business is an independent business that has fewer than ________employees
A. 20
B. 50
C. 100
D. 500

Answer: D

Response: See 1.1
Level: Medium
Learning Objective: Discuss the importance of small business to the economy

4. Small businesses are important because they _________
A. Play an important role in the economic growth
B. Have happy employees
C. Are willing to take risks
D. Have experienced managers

Answer: A
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

5. Which of the following helps small businesses with assistance, loans, and federal contract procurement?
A. The Business Lounge
B. International Business Brokers Association (IBBA)
C. Small Business Administration (SBA)
D. Presidents Association (PA)

Answer: C
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

6. What is NOT true about the U.S. Small Business Administration (SBA)?
A. It is a federally funded agency
B. It provides assistance and loans to small businesses
C. It helps small businesses with federal contract procurement
D. It is a local agency to promote interest of large corporations

Answer: D
Response: See 1.1
Level: Medium
Learning Objective: Discuss the importance of small business to the economy

7. Which of the following is true about small businesses?
A. Are eligible for SBA's financial assistance programs
B. Are not eligible to sell to the set-aside programs of the federal government
C. Are not eligible for grants through the government
D. Are not eligible for SBA's education and training programs

Answer: A
Response: See 1.1
Level: Medium
Learning Objective: Discuss the importance of small business to the economy

8. The SBA's standards for small businesses are based on _______
A. Number of employees and average annual revenues
B. Average annual revenues and industry
C. Number of employees and industry
D. Number of employees, average annual revenues, and industry

Answer: D
Response: See 1.1
Level: Medium
Learning Objective: Discuss the importance of small business to the economy

9. According to the SBA, most manufacturing companies with _______, and many non-manufacturing businesses with _________ qualify as a small business
A. 500 employees or fewer; average annual receipts under $7.5 million
B. average annual receipts under $7.5 million; 500 employees or fewer
C. 1500 employees; fewer affiliates
D. 500 employees at firm level; affiliates

Answer: A
Response: See 1.1
Level: Hard
Learning Objective: Discuss the importance of small business to the economy

10. According to the SBA, small businesses file _______patents per employees than large businesses
A. Less
B. Equal
C. More
D. Zero

Answer: C
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

11. Katie has recently opened a new beauty salon. You have been hired to advise Ms. Katie with her business. Katie plans to hire 35 employees and needs loans to buy beauty supplies, new equipment, and pay salaries. Katie's business is an example of
A. A large corporation

B. A family business
C. A small business
D. None of the above

Answer: C
Response: See 1.1
Level: Easy
Learning Objective: Discuss the importance of small business to the economy

12. _________refers to the effective administration of a small firm with the goals of survival and improvement
A. Development program
B. Performance management
C. Human resource management
D. Small business management

Answer: D
Response: See 1.2
Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

13. Which of the following is NOT a common form of misconduct in small firms?
A. Lying to customers
B. Lying to employees
C. Anticompetitive practices
D. Treating all employees with respect

Answer: D
Response: See 1.2
Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

14. The ___________ is a metaphor used in business to suggest that a firm needs to constantly think of improving, even to remain where it is at a given time
A. Red queen effect
B. Gazelles effect
C. Elephants effect
D. Blue queen effect

Answer: A
Response: See 1.2

Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

15. When small firms stop ________, it's the beginning of the end
A. Hiring
B. Training
C. Improving
D. Caring

Answer: C
Response: See 1.2
Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

16. What is true about small businesses and entrepreneurship?
A. All small businesses behave entrepreneurially
B. All entrepreneurial firms are small businesses
C. All entrepreneurial firms are large corporations
D. Some small firms continue to behave entrepreneurially over time

Answer: D
Response: See 1.2
Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

17. Which of the following is a reason for the failure of small firms?
A. Adequate understanding of the market and its future trends
B. A carefully designed credit policy
C. Hoarding too much inventory
D. Creating a desirable place to work

Answer: C
Response: See 1.2
Level: Medium
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

18. Which of the following is NOT a reason for the failure of small firms?
A. Inadequate understanding of the market and its future trends
B. Extending too much credit
C. Hoarding too much inventory
D. Creating a desirable place to work

Answer: D
Response: See 1.2
Level: Medium
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

19. ________refers to the practice of large firms seeking to grow through entrepreneurial actions and behaviors
A. Entrepreneurship
B. Corporate entrepreneurship
C. Silver entrepreneurship
D. Social entrepreneurship

Answer: B
Response: See 1.2
Level: Easy
Learning Objective: Define small business management and explain the role of entrepreneurship in managing a small business

20. ________refers to a firm's inability to grow despite intentions and desire for growth
A. Dwarfism
B. Red queen effect
C. Lack of customer service
D. Lack of management skills

Answer: A
Response: See 1.3
Level: Medium
Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

21. According to Dun & Bradstreet, financial research firm, a business failure is defined as :
A. When a firm closes due to bankruptcy
B. When a firm chooses for foreclosure
C. Voluntary withdrawal of the firm with a financial loss to a creditor or investor
D. All of the above answer choices are correct

Answer: D
Response: See 1.3
Level: Medium
Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

22. Which of the following is a motivation for starting a new business?
A. Independence reward

B. Learning reward
C. Income reward
D. All of the above

Answer: D
Response: See 1.3
Level: Medium
Learning Objective: Recognize the common myths and various benefits about small business entrepreneurship

23. Which of the following is NOT a form of entrepreneurship?
A. Student entrepreneurship
B. Speculator entrepreneurship
C. Silver entrepreneurship
D. Women entrepreneurship

Answer: B
Response: See 1.4
Level: Easy
Learning Objective: Identify Various Forms of Entrepreneurship

24. An entrepreneurial team refers to starting or managing a business
A. By two or more individuals
B. After retirement
C. By a group of people from the Small Business Administration
D. By a young individual

Answer: A
Response: See 1.4
Level: Easy
Learning Objective: Identify Various Forms of Entrepreneurship

25. __________was America's first self-made millionaire female business owner, and she was in the __________industry
A. Katie Walker; manufacturing
B. Madam C. J. Walker; hair care
C. Sarah Bennett; media
D. Sarah Smith; yogurt

Answer: B
Response: See 1.4
Level: Medium
Learning Objective: Identify Various Forms of Entrepreneurship