

# MGT602 100% Sure Solved MCQs

By

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## Question No: 1

Which of the following shows the process of creating something new?

- ▶ Business model
- ▶ Modeling
- ▶ **Innovation**
- ▶ Creative flexibility

### Reference:

(page # 4)

Innovation, the act of introducing something new,

## Question No: 2

Which one of the following gives suggestions for new product and also help to market new products?

- ▶ Existing products and services
- ▶ **Distribution channels**
- ▶ Federal government
- ▶ Consumers

### Reference & Explanation:

(Page # 39 of handouts)

**Consumers** Potential entrepreneurs should pay close attention to the final focal point of a new product-the customer. This can be an informal or formal survey of consumers expressing their opinions. Care should be taken to ensure that the idea represents a large enough market.

**Existing Companies** Entrepreneurs should establish a formal method for monitoring and evaluating the products and services in the market. This may uncover ways to improve on present products, resulting in new product ideas.

### Distribution Channels

Members of distribution channels are also excellent sources for new ideas because they are familiar with the needs of the market. Not only do *channel members frequently have suggestions for new product, but they can also help in marketing the entrepreneur's newly developed products.*

### Federal Government

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The federal government can be source of new product ideas in two ways. First the files of the Patent Office contain numerous new product possibilities. Although the patents may not be feasible new product introduction, they can suggest other marketable product ideas. Several government agencies and publications are helpful in monitoring patent applications. Second new product ideas can come in response to government regulations. For example the Occupational Safety and Health Act (OSHA), aimed at eliminating unsafe working condition in industry, mandated that first aid kits be made available in business establishments employing more than three people. The kit had to contain specific item that varied according to the company and the industry. In response to OSHA, both established and newly formed ventures marketed a wide variety of first aid kits.

**Question No: 3**

**Which of the following is used by entrepreneurs to acquire experience in an international market before making a major commitment?**

- ▶ Merger
- ▶ Joint venture
- ▶ **Minority interest**
- ▶ Majority interest

**Reference & Explanation**

([http://books.google.com.pk/books?id=s01P0agnLPUC&pg=PA94&lpg=PA94&dq=Which+of+the+following+is+used+by+entrepreneurs+to+acquire+experience+in+an+international+market+before+making+a+major+commitment&source=bl&ots=rCNwzr1ZA\\_&sig=jOefpOz349LldzTxKVQZ\\_kLb1fg&hl=en&ei=L47FS6i5OaXCmgP\\_r\\_XLDg&sa=X&oi=book\\_result&ct=result&resnum=4&ved=0CBMQ6AEwAw#v=onepage&q&f=false](http://books.google.com.pk/books?id=s01P0agnLPUC&pg=PA94&lpg=PA94&dq=Which+of+the+following+is+used+by+entrepreneurs+to+acquire+experience+in+an+international+market+before+making+a+major+commitment&source=bl&ots=rCNwzr1ZA_&sig=jOefpOz349LldzTxKVQZ_kLb1fg&hl=en&ei=L47FS6i5OaXCmgP_r_XLDg&sa=X&oi=book_result&ct=result&resnum=4&ved=0CBMQ6AEwAw#v=onepage&q&f=false) )

([http://books.google.com.pk/books?id=Uvdw6E2-1aIC&pg=PA203&lpg=PA203&dq=minority+interest+is+used+by+entrepreneurs+to+acquire+experience+in+an+international+market+before+making+a+major+commitment&source=bl&ots=3tA-y\\_kn4K&sig=Nt4k8-ZGwnTIYndb9RkicLgYIF8&hl=en&ei=9JvFS-nclsnbsAbfuPzAAQ&sa=X&oi=book\\_result&ct=result&resnum=6&ved=0CBoQ6AEwBQ#v=onepage&q=minority%20interest%20is%20used%20by%20entrepreneurs%20to%20acquire%20experience%20in%20an%20international%20market%20before%20making%20a%20major%20commitment&f=false](http://books.google.com.pk/books?id=Uvdw6E2-1aIC&pg=PA203&lpg=PA203&dq=minority+interest+is+used+by+entrepreneurs+to+acquire+experience+in+an+international+market+before+making+a+major+commitment&source=bl&ots=3tA-y_kn4K&sig=Nt4k8-ZGwnTIYndb9RkicLgYIF8&hl=en&ei=9JvFS-nclsnbsAbfuPzAAQ&sa=X&oi=book_result&ct=result&resnum=6&ved=0CBoQ6AEwBQ#v=onepage&q=minority%20interest%20is%20used%20by%20entrepreneurs%20to%20acquire%20experience%20in%20an%20international%20market%20before%20making%20a%20major%20commitment&f=false) )

**Note: Sorry we are unable to copy the reference text,**

**Question No:4**

**GATT is established in 1947, under:**

- ▶ German leadership
- ▶ French leadership
- ▶ **U.S. leadership**
- ▶ U.K. leadership

**Reference and Explanation:**

**GATT 1947 in the US**

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The GATT, as an international agreement, is a treaty. Under United States law it is classified as a congressional-executive agreement. Based on the Reciprocal Trade Agreements Act it allowed the executive branch negotiating power over trade agreements with temporary authority from Congress. At the time it functioned as a provisional, but promising trade system.

([http://en.wikipedia.org/wiki/General\\_Agreement\\_on\\_Tariffs\\_and\\_Trade](http://en.wikipedia.org/wiki/General_Agreement_on_Tariffs_and_Trade))

#### Question No: 5

**The entrepreneur was distinguished from capital provider in:**

- ▶ Middle ages
- ▶ **18<sup>th</sup> century**
- ▶ 17<sup>th</sup> century
- ▶ 19<sup>th</sup> and 20<sup>th</sup> century

#### Referece and Explanation:

(Page # 3 of handouts)

##### **Middle Ages**

In this age the term **entrepreneur** was used to describe both an actor and a person who managed large production projects. In such large production projects, this person did not take any risks, managing the project with the resources provided. A typical entrepreneur was the cleric who managed architectural projects.

##### **18th Century**

*In the 18th century the person with capital was differentiated from the one who needed capital. In other words, entrepreneur was distinguished from the capital provider.*

##### **17th Century**

In the 17th century the entrepreneur was a person who entered into a contract with the government to perform a service Richard Cantillon, a noted economist of the 1700s, developed theories of the entrepreneur and is regarded as the founder of the term. He viewed the entrepreneur as a risk taker who "buy[s] at certain price and sell[s] at an uncertain price, therefore operating at a risk."

##### **19th and 20th Centuries**

In the late 19th and early 20th centuries, entrepreneurs were viewed mostly from an economic perspective. The entrepreneur "contributes his own initiative, skill and ingenuity in planning, organizing and administering the enterprise, assuming the chance of loss and gain."

#### Question No: 6

**A person who managed large project was termed as the entrepreneur in the \_\_\_\_\_.**

- ▶ Earliest period
- ▶ **Middle ages**
- ▶ 17<sup>th</sup> century
- ▶ 19<sup>th</sup> and 20<sup>th</sup> century

#### Referece and Explanation:

<http://vustudents.ning.com>

(Page # 3 of handouts)

### **Earliest Period**

In this period the money person (forerunner of the capitalist) entered into a contract with the go-between to sell his goods. While the capitalist was a passive risk bearer, the merchant bore all the physical and emotional risks.

### **Middle Ages**

In this age the term **entrepreneur** was used to describe both an actor and a person who managed large production projects. In such large production projects, this person did not take any risks, managing the project with the resources provided. A typical entrepreneur was the cleric who managed architectural projects.

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### **Question No: 7**

**What is the process by which individuals pursue opportunities without regard to resources they currently control?**

- ▶ Startup management
- ▶ **Entrepreneurship**
- ▶ Financial analysis
- ▶ Feasibility planning

### **Reference & Explanation:**

Entrepreneurship is a process by which individuals - either on their own or inside organizations - pursue opportunities without regard to the resources they currently control. (Stevenson & Jarillo, 1990, p. 23)

([http://findarticles.com/p/articles/mi\\_hb6648/is\\_n3\\_v19/ai\\_n28666393/](http://findarticles.com/p/articles/mi_hb6648/is_n3_v19/ai_n28666393/))

Stevenson's definition would be as follows: The continuous process by which individuals pursue opportunities without regard to resources they currently control, with the intent of increasing value and/or advantage. I have made the underlined additions because entrepreneurship should never be considered a single event. It is a continuing, non-ending process in search of increasing value and ever increasing advantage.

(<http://www.babson.edu/entrep/fer/papers97/mitton/mit6.htm>)

**Question No: 8**

**Having less than 50 percent of equity share in an international venture is called:**

▶ **Minority interest**

- ▶ Joint venture
- ▶ Majority interest
- ▶ Exporting

**Reference:**

(page # 36)

**Minority interest**

Having less than 50 percent ownership position

**Question No: 9**

**Having more than 50% ownership position that provides the entrepreneur with managerial control is called:**

- ▶ Joint venture
- ▶ **Majority interest**
- ▶ Horizontal merger
- ▶ Diversified activity merger

**Reference:**

(Page # 34)

**Majority interest**

Having more than 50 percent ownership position

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**Question No: 10**

**Which one of the following is the process of entrepreneurs developing new products that over time make current products obsolete?**

- ▶ New business model
- ▶ Anatomization
- ▶ **Creative destruction**
- ▶ None of the given options

**Reference**

Creative destruction occurs when something new kills something older. A great example of this is personal computers. The industry, led by Microsoft and Intel, destroyed many mainframe computer companies, but in doing so, entrepreneurs created one of the most important inventions of this century

(<http://www.investopedia.com/terms/c/creativedestruction.asp>)

**Reference**

([http://wps.prenhall.com/bp\\_barringer\\_entrep\\_1/29/7476/1913875.cw/content/index.html](http://wps.prenhall.com/bp_barringer_entrep_1/29/7476/1913875.cw/content/index.html))

**Question No: 11**

**Which of the following factors is the most important in forcing U.S companies to focus on new product development and increased productivity?**

- ▶ Entrepreneurship
- ▶ **Hyper competition**
- ▶ Governmental laws
- ▶ Organizational culture

**Reference:**

(page # 16)

Hyper competition has forced U.S. companies to focus on new product development and increased productivity.

**Question No: 12**

**Which of the following is alternatively called corporate venturing?**

- ▶ Entrepreneurship
- ▶ **Intrapreneurship**
- ▶ Act of stating a new venture
- ▶ Offering new products by an existing company

**Reference:**

(Page # 21)

Intrapreneurship, also called corporate venturing,

**Question No: 13**

**Individuals influencing an entrepreneur's career choice and style are known as which of the following?**

▶ **Role model**

- ▶ Moral-support network
- ▶ Professional support network
- ▶ Support system

**Reference:**

(Page # 25)

**Role models**

Individuals influencing an entrepreneur's career choice and style

**Moral-support network**

Individuals who give psychological support to an entrepreneur

**Professional-support network**

Individuals who help the entrepreneur in business activities

**Question No: 14**

**The activity which occurs when the new venture is started is called:**

- ▶ Motivation
- ▶ Business skills
- ▶ **Departure point**
- ▶ Goal orientation

**Reference:**

(Page # 23)

**Departure points**

The activities occurring when the venture is started

**Question No: 15**

**The level at which an individual is viewed by society is called:**

- ▶ Financial status
- ▶ Qualification
- ▶ **Social status**
- ▶ Achievement

**Reference:**

(Page # 25)

**Social status**

The level at which an individual is viewed by society

**Question No: 16**

**Which one of the following is an important source of idea generation due to their familiarity with the needs of market?**

- ▶ Existing products and services
- ▶ **Distribution channels**
- ▶ Federal government
- ▶ Consumers

**Reference & Explanation:**

(Page # 39 of handouts)

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**Question No: 17**

**Members of distribution channels are excellent sources for new ideas because:**


- ▶ **They are familiar with the needs of the market**
- ▶ They earn a handsome profit from new business
- ▶ They do not bother if entrepreneur bears a loss
- ▶ They have well-developed sales force

**Reference & Explanation:**

(Page # 39 of handouts)

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#### **Question No: 18**

**Which one of the following is the most important characteristic of a successful business website?**

- ▶ **Speed**
- ▶ Innovation
- ▶ Graphics
- ▶ Products

#### **Reference:**

(Page # 44)

A successful website has three characteristics: speed, speed, and speed. Short download time should be the primary concern of website developers.

#### **Question No: 19**

**Which one of the following is the next stage to the Concept Stage of Product Planning and Development Process?**

- ▶ Idea Stage
- ▶ Product Planning Stage
- ▶ **Product Development Stage**
- ▶ Test Marketing Stage

#### **Reference:**

(Page # 45)

#### **Product planning and development process**

Generally divided into five major stages: idea stage, concept stage, product development stage, test marketing stage, and commercialization stage



**Question No: 20**  
**SBA stands for:**

- ▶ Small business accountants
- ▶ **Small business administration**
- ▶ Small business adequacy
- ▶ Small business advisors

**Reference:**

(Page # 81, Lecture 32)

Small Business Administrative (SBA)