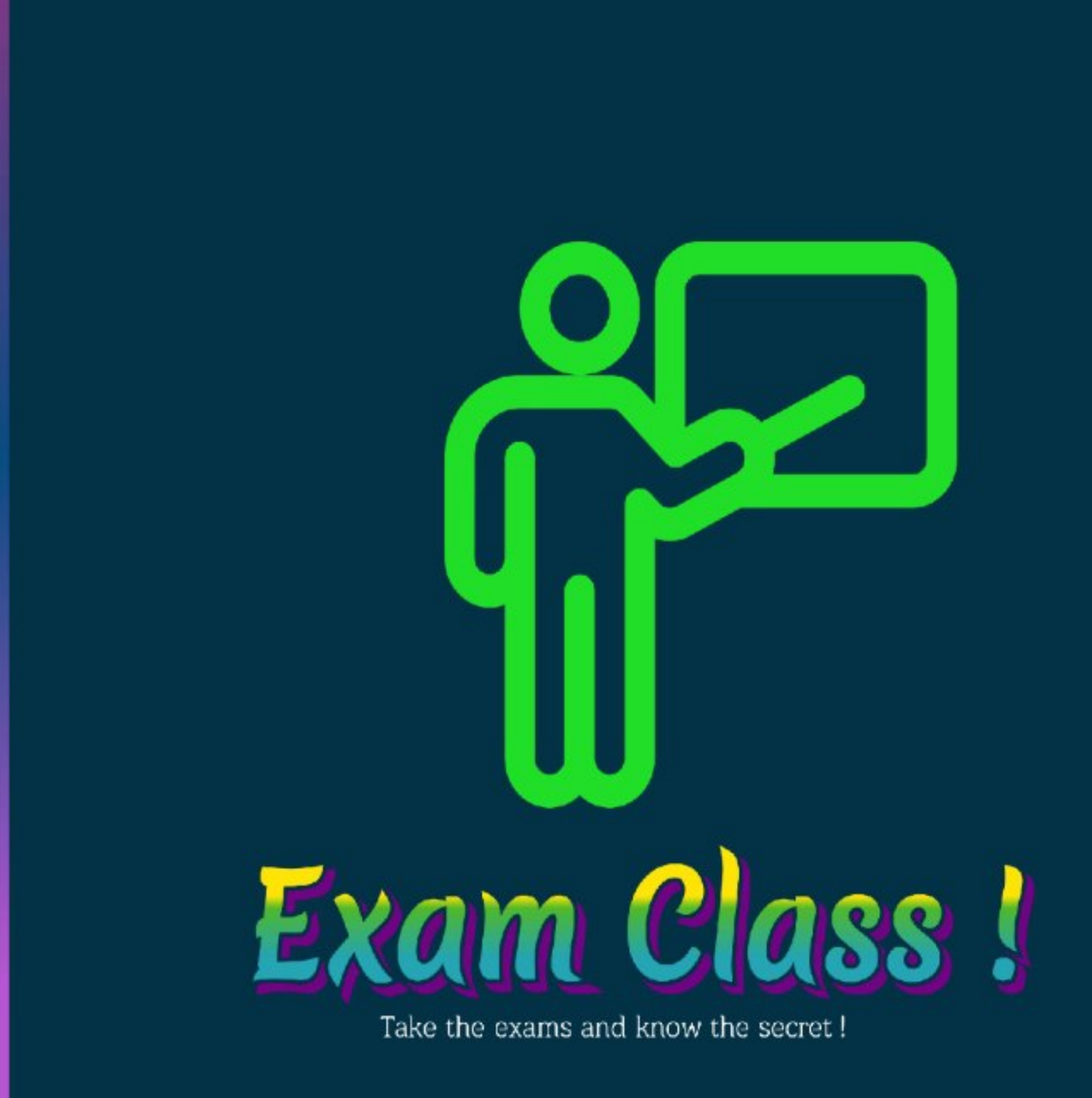




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ExamClass

Bahir Dar University, College of Business and Economics

Department of Management, Final-Exam for the course Entrepreneurship to 1st year students , Year 2014, Total Marks---50%....time allowed.....1:30 Hr

I) Say True or False (0.5 marks each)

1. The essence of product design is to satisfy customers and maximizes the value for the customer at maximum cost. F
2. Entrepreneurs work with new offering while small business works with known products. F
3. One of the objectives of the Ethiopian Government Trade Mark Directives is to centrally deposit trademarks which are used by local and foreign enterprises to distinguish their goods or services. T
4. To be small business, the market share of the firm should be large enough to influence the price of goods sold at huge amount. F
5. Inadequate financing, which shows up in many ways, is the number one cause of business failure. T
6. General partner can transfer interest without the consent of other general partners. F
7. When a company maximizes the availability of a product/service, the type of utility is place utility. T
8. Organization structure defines members' jobs and the communication and relationship these jobs have with each other. T
9. Financing a business through equity is preferable than debt financing. T
10. Venture Capitalists (VCs) expectation in gaining equity is more than angle investors. T

II) Matching (0.5 mark each)

A	B
1. Combinations of physical matter not naturally found. B	A. Form utility
2. Protects any new invention or functional improvements on existing inventions. E	B. Composition of matter
3. Methods of production, research, testing, analysis, technologies with new applications. H	C. Utility patent
4. A product is readily available to potential customers. A	D. Machines
5. Products, instruments, physical objects. D/F	E. Design patent
6. Idea generation I	F. Manufactures
7. Copy right K	G. Place utility
8. Exchange M	H. Processes
9. Transaction L	I. The first stage in product and service development process
10. Cost-plus pricing O	J. Intellectual property right given for new breakthrough
	K. Intellectual property right given for new artistic works
	L. The trade of values between two parties.
	M. The act of obtaining a desired product from someone by offering something in return.
	N. A certain percentage of the selling price is added to unit cost
	O. Any amount that is above unit cost may be considered

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III) Choose the best answer (1 mark each)

1. Product development is the process through which companies react to _____.
   A. Market signals
   B. Respond to changes in customer demand
   C. Adopt new technologies
   D. Ensure continuous growth.
   E. All of the above
2. Which one of the following is not a more fruitful source of ideas for entrepreneurs?
   A. Existing products and services,
   B. Distribution channels,
   C. The federal government
   D. Research and development
   E. None of the above
3. _____ is a contract between an inventor and the government in which the government, in exchange for disclosure of the invention, grants the inventor the exclusive right to enjoy the benefits resulting' from the possession.
   A. Patent
   B. Trade secret
   C. Copy right
   D. Trade mark
   E. None of the above
4. All of the following are true about intellectual property rights **except**:
   A. Patents are property rights that can be sold and transferred.
   B. Unlike the patent, a trademark can last indefinitely.
   C. Trademarks like patents are periodically renewed unless invalidated by cancellations.
   D. Copyrights provide exclusive rights to creative individuals for the protection of literary or artistic productions.
   E. None of the above
5. In which legal form of business, the organization has a legal entity and run by stockholders having limited liability?
   A. Corporation
   B. Cooperation
   C. Proprietorship
   D. Partnership
6. Which statement is true?
   A. Small businesses are more flexible in product and service they offer than large firms.
   B. Small business eliminates new job while large business create many business.

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C. Large businesses are more flexible in product and service they offer than small business.
D. None

7. Identify the wrong statement for the following:
   A. Fraud occurs whenever an owner does not pay a due attention to the enterprise
   B. A termination occurs when a business no longer exists for any reason
   C. A failure occurs when a business closes with a financial loss to a creditor
   D. Disaster refers to some unforeseen happening

8. Which environmental analysis aims to determine the factor which makes the industry attractive?
   A. Macro
   B. Sectorial
   C. SWOT
   D. All

9. Which factor becomes a cause to business failure?
   A. Bankruptcy
   B. Foreclosure
   C. Receivership
   D. All

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10. A business failure occurs when;
   A. A business closes with financial loss to a creditor
   B. A business closes with change in form of ownership
   C. A business closes because of voluntary withdrawal of the owner.
   D. All

11. Small business organization to have a better chance of winning, the business must;
   A. Identify the firm's competitive advantage
   B. Maintain the status quo
   C. Restrict the extent of relationship with customer
   D. All

12. Marketing includes such things **except**;
   A. Customer satisfaction
   B. Human Resources Management
   C. Demand analysis
   D. Needs and wants identification and response to it
   E. Personal selling

13. Identify a wrong combination;
   A. Demand – need and want backed by purchasing power
   B. Product – goods/services
   C. Need – deprivation of basic satisfiers
   D. Transaction – exchange of values
   E. Price – estimate of product capacity to satisfy needs

14. Which one is true about the philosophy of the production concept;
   A. Customers want products widely available at low cost
   B. Tell customers about company offerings
   C. Build long term relationships with key parties
   D. Customers require innovative products
   E. All of the above

15. Marketing information system (MIS) is vital because;
   A. Pricing strategy is based on marketing information
   B. Managers can do nothing without marketing information
   C. Distribution strategy is based on marketing information
   D. A and C
   E. all of the above

16. Which one of the following statements is **incorrect** about designing a distribution strategy?
   A. A company's financial strength determines choice of a distribution strategy
   B. A direct distribution strategy is advisable for perishable products
   C. A direct distribution strategy is less costly than an indirect distribution strategy
   D. An indirect distribution strategy is advisable for bulky products
   E. None of the above

17. Which order indicates decrease in level of specificity?
   A. Demand-Need-Want
   B. Demand-Want-Need
   C. Want-Need-Demand
   D. Need-Want-Demand
   E. Want-Demand-Need

18. If one of the people responsible for keeping the business's books begins purchasing goods for him/herself using the business's money, the business might find itself bankrupt before too long. Which one of the following best describes this statement?
   A. Disaster
   B. Fraud
   C. Neglect
   D. Failure

19. Businesses may terminate for the following reasons **except**,
   A. Market change (or saturation) for the business's product
   B. Change in the business form
   C. Business relocation
   D. Not using existing employees effectively

...ne of the following is **incorrect**?
A. Threats are negative external forces that hinder an individual from accomplishing his/her mission, goals and objectives
B. Weaknesses are negative internal factors that hamper an individual's ability to accomplish his/her mission, goals and objectives
C. Small business owners must be generalists; they do not have the luxury of specialized management.
D. Strengths are positive external options that contribute to an individual's ability to accomplish his/her mission, goals and objectives

21. There is little delegation of authority and one person is involved when anything material is involved. Which of the following best describes this statement?
A. Market Share
B. Independence
C. Personalized Management
D. Liability

22. Mr Abebe has purchased a building which costs Birr 15, 000, 000, and it will be transferred to him after a month. The utility that he enjoy of owning a building after a month is:
A. Information Utility
B. Possession Utility
C. Time Utility
D. Place Utility

23. Apple is an American multinational technology company that specializes in consumer electronics, software they have been working on their models for years and coming up with new features, which convinces their customers to stay. This statement is best suited for:
A. The Production Concept
B. The Product Concept
C. The Selling Concept
D. The Marketing Concept

24. Unless you well promote your product, customers will not buy and you could not able to increase your market share and compete in the market. This philosophy is concerned with:
A. The Production Concept
B. The Product Concept
C. The Selling Concept
D. The Marketing Concept

25. The role of advertising is very important in increasing sales volume and has its own role to face the challenge of competition and stay in the market; under functional roles of research one is more suitable for the statement:
A. Descriptive Function
B. Diagnostic Function
C. Predictive Function
D. Analytical Function

26. Of the following one is important to determine the strengths and weaknesses of competitors and designing ways to take opportunities or tackle threats posed by competitors:
A. Competitive Analysis
B. Marketing Intelligence
C. Marketing Research
D. Marketing Information System

27. Which of one the following belongs is in a different category?
A. personal saving
B. Angles
C. venture capital firms
D. Bonds
E. Public stock

28. Which one of the criteria banks use to provide loan that can be used as reference to know the ability of the borrower to meet regular financial obligations?
A. Capital
B. Capacity
C. Collateral
D. Character
E. All of the above

29. A type of capital firms need to bridge the gap between when they get paid, and when they have to pay their suppliers and their overhead costs is
A. Working capital
B. Preliminary costs of investment
C. Fixed asset investment
D. All of the above

30. Which one of the following is a debt financing mechanism is used by entrepreneurs using their receivables as collateral for short period of time?
A. Equipment supplier financing
B. Accounting receivables financing
C. Trade credit financing
D. All of the above
E. None of the above

31. Which one of the following factor should not be considered to select the best channel under the condition of using best distribution strategy?
A. Company Factors
B. Market Characteristics
C. Product Attributes
D. Environmental Forces
E. None

32. a type of marketing strategy that firms use by charging the highest possible price that buyers who most desire the product will pay is
A. Penetration pricing
B. Markup pricing
C. Price skimming
D. Competition oriented pricing

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33. The two main criteria used in classifying enterprises as micro, small and medium in Ethiopia are

A. market share and technology
B. Capital and number of employees
C. Number of employees and market share
D. Capital and market share

IV) Write Short Answers (7 marks)

1. Write at least three advantages of late entry strategy of commercialization (3 marks)
2. List and describe at least four promotional strategies a business firm may use (4 marks)

Instruction: Choose the Best Answer from the Given Alternatives and Put Your Answer in the Separate answer Sheet Provided

1) One of the following doesn't involve in the new product/service development process.
   A. Product design
   B. Detail engineering
   C. The idea generation,
   D. Market research
   E. None of the above
2) Nowadays new product/service development activity becomes critical factors of most businesses, because of:
   A. Short product life cycle
   B. Fierce global competition
   C. Shortage of products
   D. A & B
   E. all of the above
3) Identify the false statement in the product/service development process.
   A. Concept development is different from idea generation and screening procedures
   B. The new product development process starts with designing the product
   C. Market strategy is important to introduce the new product to the market
   D. Idea screening helps to filter and come up with novel business idea.
   E. None of the above.
4) During commercialization, market entry timing is critical. Which of the following is the disadvantage of first entry?
   A. Locking up key distributors
   B. The risk of products being copied or improved upon by their competitors.
   C. The first mover will have borne the cost of educating the market
   D. B & C
   E. A & C
5) In product/service development process, business analysis is conducted:
   A. To estimate total sales
   B. To understand market size and structure
   C. To understand the benefits that the product provides
   D. To identify marginal ideas.
   E. None of the above
6) One of the following may not a plausible reason for a company to enter to product development process:
   A. reacts to market signals,
   B. Responds to changes in customer demand,
   C. adopt new technologies
   D. new opportunity
   E. None of the above
7) Why intellectual property is so important for entrepreneurs?
   A. It plays critical role to identify business opportunities
   B. It can play significant role to develop market strategy
   C. It is the vital instrument to protect their assets
   D. It has significant contribution for product design.
   E. All of the above

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8) Which of the following is incorrect about intellectual property?
   A. Process patent deals about the methods of production
   B. Trademark registration provides notice to everyone that you have exclusive rights to the use of the mark across the country.
   C. A patent provides the owner with exclusive rights to hold, transfer, and license the production and sale of a product/process
   D. Unlike the trademark, a patent can last indefinitely, as long as the patent continues to perform its indicated function
   E. E. None of the above
9) According to Ethiopian patent proclamation, non-patentable inventions include:
   A. Discoveries, scientific theories and mathematical methods
   B. Plant or animal varieties or essentially biological processes for the production of plants or animals.
   C. Diagnostic methods practiced on the human or animal body
   D. B & C
   E. All of the above
10) One of the following is not the objective of Ethiopia's trademark directives that was enacted in 1986.
   A. To deposit trademarks centrally that are used by local and foreign enterprises to distinguish their goods or services
   B. To provide trademark ownership and right of use when disputes arise between parties
   C. To grant an inventor the exclusive right to make, use, and sell of product/service
   D. To provide the necessary information on trademarks to government and individuals
   E. All of the above.
11) Which of the following is not the accurate description of modern marketing
   A. Marketing is the creation of value to customers
   B. Marketing involves managing profitable relationship with customers
   C. Marketing emphasizes selling and advertising exclusively
   D. Marketing involves satisfying customer needs
   E. Marketing is building value laden exchange with customers
12) _____ are human needs that are shaped by culture and individual personality
   A. Necessities
   B. Wants
   C. Demands
   D. Values
   E. Exchanges
13) The following are the consequences of inadequate market research and investigation of success factors except.
   A. Locating the business poorly
   B. Inadequate sales volume
   C. Shortage of finance
   D. High degree of customer satisfaction
   E. All of the above.

14) Railroads were once operated based on the thinking that users wanted trains that would offer the most in quality, performance and innovative feature. The railroad managing companies overlooked the fact that there could be other modes of transportation. This reflects the _____concept.

A. Production
B. Product
C. Selling
D. Marketing
E. Societal marketing

15) When demand for athletic shoe produced by Nike and endorsed by Haile G/Sellasie is high, Nike limits how many pairs of shoe are manufactured. This action maintains strong demand by limiting supply. This decision contradicts the philosophy of which marketing concept.

A. Production
B. Product
C. Selling
D. Marketing
E. Societal marketing

16) A (n)_____is a set of actual or potential buyers of a product or service.

A. audience
B. market
C. Subsidiary
D. Focus group
E. Control group

17) The marketing concept takes a(n)_____.It starts with a well-defined market, focuses on customer needs, and integrate all marketing activities that affect customers.

A. Outside-in perspective
B. Product centered make-and sell philosophy
C. Inside -out perspective
D. Telling and selling approach
E. Relationship marketing approach

18) Which of the following is not the quality of a typical entrepreneur?

A. Confidence, in his/her ability to succeed.
B. Value of money over achievement.
C. Desire for immediate feedback.
D. Future orientation.
E. None of the above.

19) Which one of the following is/ are not the characteristics of an entrepreneur?

A. They are risk takers
B. They are information seekers
C. They commit their effort not only for themselves but also for the well-being of others
D. They set complex and unattainable personal goals
E. B and D only
F. C and D only

20) Which of the following is/are not an activity of an entrepreneur at the pre-start up stage of entrepreneurial process?
   A. Identification and evaluation of business opportunities
   B. Market and product analysis
   C. Managing the business's operations
   D. Conducting feasibility study
   E. Preparation of business plan
   F. None of the above
21) Which of the following statement (s) is/ are true about a business plan?
   A. It is comprehensive set of guidelines for a new or an existing business
   B. It points out where we are, where we want to go and how to get there
   C. It outlines the potential activities to address
   D. It helps to determine the feasibility of the new venture
   E. All of the above.
22) Which one of the following factor is irrelevant in the evaluation of a business opportunity?
   A. The risk associated with the new business idea
   B. The possible return from the resulting venture
   C. The personal skill of the entrepreneur
   D. The differential advantage in the competitive environment
   E. None of the above
23) Which of the following is/are true about the legal issues of entrepreneurship?
   A. Patent protection for an entrepreneurial invention is given for an indefinite period of time
   B. The owner of a trade mark can give it to other individuals and/or businesses
   C. Patent prevents others from printing, copying, or publishing any original work of authorship
   D. Copy right gives protection to both the idea and the form in which the works/invention of the owner from being used by others.
   E. All of the above
24) According to the Ethiopian laws, which of the following is/are not patentable invention?
   A. Biological processes for the production of plants and animals
   B. Scientific discoveries and theories
   C. Manufacturing processes
   D. All of the above.
   E. None of the above.
25) Positive external trends or changes that provide unique and distinct possibilities for innovating and creating value are called?
   A. Strengths
   B. Opportunities
   C. Weaknesses
   D. Threats
   E. None

26) All of the following statements best describes the context for entrepreneurship except?
   A. Entrepreneurship takes place in small businesses.
   B. Entrepreneurship takes place in large businesses.
   C. Entrepreneurship takes place in a wide variety of contexts.
   D. Entrepreneurship does not take place in social enterprises
   E. None

27) What does an entrepreneur needs to be able to convince customers to buy, but also to create a strong network of connections excited about helping their organization or idea grow ?
   A. Demanding efficiency and quality
   B. Information-seeking
   C. Goal Setting
   D. Planning
   E. Persuasion and networking
   F. Building self-confidence

28) Law and regulations that influence business activity on the market (e.g. company's law, competition law) and within an organization (e.g. labor law, accounting and tax law); provisions of the Constitution are considered as a _____ environment in entrepreneurship?
   A. Economical Environments
   B. Political Environment
   C. Human Resource Environments
   D. Socio-Cultural Environment
   E. Demographic Environment
   F. None

29) _____ is the ability to apply creative solutions to those problems and opportunities in order to enhance people's lives or to enrich society?
   A. Innovation
   B. Creativity
   C. Entrepreneurship
   D. Thinking New Thinking
   E. All
   F. None

30) According to the intellectual property systems in Ethiopia, which one of the following is not acceptable to patentability right
   A. Biological process
   B. Computer program
   C. Scientific theory
   D. All of the above
   E. None of the above

Part I. Write 'True' if the statement is correct and 'false' if the statement is incorrect (6 Points)

1. At the same time pricing decision must be low enough to attract customers to buy and high enough to earn your business a profit.
2. Small business could be entrepreneurial venture, and all entrepreneurial venture are small business.
3. If there is a trade-off between number of employees and total capital in defining SME in Ethiopia, priority is given to number of employees.
4. The modern concept of marketing is concerned about determination and identification of ne... and want before getting into operation.
5. Marginal ideas are ideas to which priority is given during selection process.
6. Unlike the patent, trade-mark is existed for last indefinite times.
7. The first step to conduct competitive analysis is gathering relevant information about competitors.
8. Crowd funding is essentially similar with the mainstream approach to business finance
9. It is better to have a complaining customer than no customer at all.
10. Small businesses are creating new jobs even as large businesses continue eliminating employee jobs.

Part II. Choose the correct alternative for each of the following multiple-choice questions (1pts).

11. Which of the following invention is exclude from patentability?
    - **A.** Methods of production, research, testing, analysis, technologies with new applications.
    - **B.** Machines, Products, instruments, physical objects
    - **C.** Performing commercial and industrial activities and computer programs.
    - **D.** Composition of matter, Chemical compounds, medicines.
    - **E.** None
12. The capital requirement of service-oriented business is lower than tangible goods manufacturing businesses. What is the potential reason for this?
    - **A.** Because manufacturing business is highly labor intensive than service.
    - **B.** Because manufacturing consumes more and more labor than service.
    - **C.** Because manufacturing business require high initial investment than service.
    - **D.** Because of intangibility nature of manufacturing product.
    - **E.** None

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13. Which one of the following **is not** important factors to be considered in pricing decision?

A. Cost of production
B. Customer's willingness to pay
C. Competitor's price
D. The nature of product
E. None

14. Which one of the following **is not true** about lease financing?

A. In finance lease, the lessor transfers all the risks and rewards of assets to the lessee
B. The lease rental for the secondary period is higher than primary period.
C. In operating lease, the lessee has the right to terminate the lease by giving a short notice.
D. In finance lease primary period, the lessor recovers his total investment.
E. None

15. In commercialization late entry will have the following advantages, **Except**?

A. Become the standard to the market
B. High chance to re-correct faults.
C. Less cost of promotion.
D. Easy access to market size information.
E. None

16. As per your entrepreneurship education background who are the customers of Arba-Minch Tourist Hotel?

A. People who are buying from Tourist Hotel.
B. People you hope will buy from Tourist Hotel in the future.
C. People who stopped buying from Tourist Hotel, but you hope to get them back.
D. All of the above
E. None

17. Which of the following is not the importance of Marketing intelligence?

A. Smart segmentation
B. Early warning of competitors moves
C. Maximizing investment risks
D. Quicker and cost-effective source of information
E. None

18. Which of the following Importance of Market is associated primarily with production-physical or chemical changes that make a product more valuable?

A. Form Utility
B. Place Utility
C. Time Utility
D. Possession Utility
E. None

19. From the following Marketing Research Components which one is used to determine what motivates people to buy and what decision-making process they use?

A. Market size
B. Market Share
C. Market penetration
D. Buyer decision process
E. None

20. In one of the following product development processes, the new product is evaluated from the company's merit perspective;

A. Business analysis
B. Product development
C. Concept test
D. Idea screening.
E. None

21. Usually, we call it highland water when we see any bottled water, this happened to due to the influence of highland springs water brand. Which effect is it?

A. Parallel-entry
B. First-entry
C. Late-entry
D. Half-Entry
E. None

22. According to Ethiopian law/proclamation, one of the following is protected for the life of the owner plus fifteen years.

A. Trademark
B. Patent-right
C. Copy-right
D. Trade-Secret
E. None

23. One of the benefits of marketing especially from consumers point of is that it brings satisfaction by making the product available when we want it? This is;

A. Possession utility
B. Form utility
C. Time utility
D. Information utility
E. None

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30. From the following statement which one **is incorrect** relating to marketing practices?

A. Marketing determines firm's commercial ability to prosper in a competitive environment.

B. Product policies and practices occupy an important place in marketing mix strategy.

C. Pricing is a vital mix that can exist separately from overall marketing planning and executions.

D. Promotion creates awareness and conviction in the mind of ultimate consumers to purchase.

E. Distributions makes product to be available at the right time

31. Gray Berry Gifts has just brainstormed a large number of ideas for adding new products and services after visiting several buying fairs. The owners will begin the first idea-reducing stage, called _____, to arrive at a realistic number to adopt.

A. Business analysis

B. Idea generation

C. Idea screening

D. Concept development

E. None

32. All of the following statements are the characteristics of small business, **except**?

A. It is generally labor intensive.

B. It influences the market price of the nations.

C. It is generally operated in locally.

D. It has small numbers of employees.

E. None

33. Let say Country A has a full of entrepreneur society in contrast with country X. So, which of the following statement is not correct?

A. Country A is less dependence on foreign capital than the X.

B. Country A promote self-employment than the X.

C. Country A is largely promoted import economy than the X.

D. Country X gives lowest production level than the A.

E. None

34. Jackob is an entrepreneur and he wants to turn his business idea and plan in to reality. Wh… entrepreneurship process is Jackob wants to undertaking?

A. Business Evaluations

B. Business Identification

C. Business Termination

D. Business Formation

E. None

15. Huawei Inc. has launched an invented smart phone to the world, and the marketing manager believed that this product gives reputation by itself to the company. So, which one of the following entry timings is useful for Huawei.

A. First Entry

B. Late Entry

C. Parallel Entry

D. Ongoing Entry

E. None

36. All of the followings are benefits of a registered trademark, **except.**

A. It provides notice to everyone that you have exclusive rights to the use of the mark throughout the territorial limits of the country.

B. It entitles you to sue in federal court for trademark infringement, which can result in recovery of profits, damages, and costs.

C. It establishes the right to deposit registration with customs to prevent importation of goods with a similar mark.

D. It doesn't provide a basis for filing trademark application in foreign countries.

E. None

37. _____; a business funding institution gives financial services, such as loans, savings, insurance and fund transfers to entrepreneurs, small businesses and individuals who lack access to banking services with high collateral requirements:

A. Traditioral Financing Equib/Edir

B. Microfinance organizations

C. Credit unions

D. Venture capital companies

E. None

38. Marketing Research Studies are undertaken:

A. To measure brand loyalty of a class of consumers

B. To predict market potential of a product on a future date

C. To determine what motivates people to buy

D. To understand product-price relationships

E. All of the above.

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39. Channels of distribution benefit consumers by;

A. Increasing profits for businesses.

B. Increasing the prices of all consumer products.

C. Raising the quality of all consumer products.

D. Making a variety of products available to them.

E. None

40. Prices of products are reduced compared to competitors' price under_____ pricing strategy?

A. Market skimming strategy

B. Odd even pricing strategy

C. Cost plus pricing

D. Market penetration strategy

E. None

- production concept
- product concept
- market concept
- selling
- societal marketing concept
- marketing/ internation Network

Internal financing

Internal
- Personal saving
- friends & Partners
- Partnership
- public stock

External
- Commercial Bank
- Micro-finance
- From institution
- Saving institution
- Credit Union

Part III. Discus the following Subjective Questions (Total Marks = 10)

1. **List & explain marketing philosophies? (3point)**
2. **As it is known, there is a hindrances or problems of Micro and Small Enterprises, and the problems are high in developing countries especially in Ethiopia. Briefly discus the problems of MSEs in Ethiopia? (3 point)**
3. **Mr. Abyot wants to establish his wishing business venture. He identified a source for finance and capital for creating his venture. Let you explain and show your justification about different source of finance to Mr. Abyot (4 point)).**

Part IV. Case Analysis (Total Marks = 5)

Case: Yohannes Family

Mr. Yohannes is a self-employed real estate agent. For the past ten years, he has been advising shopping center developers on such things as type and size of centers for given locations. During the course of his business, he has become friendly with the Tiret Development Company, which is presently organized as a sole proprietorship. Mr. Alemu is the president of Tiret company. Mr. Yohannes and Mr. Alemu have discussed the possibility of going into their own business together. Mr. Yohannes's sister whose name is Timgo, is an accountant and has been employed by a large accounting firm for several years. She, too, would like to have her own business rather than working for someone else. The three of them have decided that they collectively have the necessary skills and funds to start a new business and with their collective effort the business will get in to the market with large-scale operation.

A. **What legal form of business ownership do you recommend for this potential business if the risks and rewards are going to be distributed equally between owners? Why? (3 mark)**
B. **If Alemu and Tirngo wishes to take the risk only to the extent of their investment, while Yohannes is ready to take overall risk of the business, what kind of legal form do you recommend for this potential business? What is your logic behind your suggestion or selection? (2)**

40Minch

Part I: Write "True" If the Statement is correct and "False" If incorrect statement. (1pt e

1. The essence of product design is to satisfy customer and maximizes the value for the cus at minimum cost.
2. Business failure due to inadequate financing can be caused by shortage of capital an improper management.
3. Regardless of socio- economic conditions of countries the definitions of small busines similar.
4. For small business the production concept in marketing philosophy is better than the produ concept.
5. Small businesses are normally privately owned corporations, partnerships, or so proprietorships.
6. Without the recognition of an opportunity the entrepreneurial process is likely to result failure.
7. The purpose of business plan is it entails taking a long-term view of the business and i environment.
8. Business opportunities are undistinguished from ideas; so that idea is similar with opportu
9. Product development is the term used to describe the complete process of bringing a ne product or service to market.
10. Opportunity identification is a very difficult task and which result from an entrepreneu alertness to possibilities.

Part II: Choose the "Correct answer" from the given alternatives (1pt each)

11. From the following alternatives which can be consider as a possible sources of business ide except?
    A. Experience
    B. Hobbies
    C. Customers
    D. Government
    E. None
12. Which one of the following is true about business plan?
    A. Business plan is good only when there is good implementation.
    B. Business plan is a document which describes only the internal elements of a busines
    C. Business plan is business on the paper.
    D. Business plan is a document which describes only the external elements of a busines
    E. A & C
13. The following are effective factors that can be used for opportunity evaluation except
    A. Product or service-related factors
    B. Gender diversity of the ownership
    C. Market opportunity related one
    D. Costing and pricing issues
    E. Profitabili

14. A type of intellectual property right, which gives the right to use and sale an invention when one, develops an invention.
    A. Trade secret
    B. Patent
    C. Copyright
    D. Trademarks
    E. None

15. Which of the following is a characteristic typical of most entrepreneurs?
    A. Choose high risk ventures
    B. Choose low risk ventures
    C. Choose calculated risk
    D. Choose no risk ventures

16. Positive external trends or changes that provide unique and distinct possibilities for innovating and creating value are called _____?
    A. Strengths
    B. Opportunities
    C. Weaknesses
    D. Threats
    E. None

17. _____is described as the creation of a new product, service or process for the first time?
    A. Innovation
    B. Invention
    C. Extension
    D. Duplication
    E. Synthesis

18. Among the followings which one is **incorrect** about business forms?
    A. Owner has complete freedom to sell or transfer any part of business in partnership business without the consent of other partners.
    B. Death or withdrawal of owner will affect legal existence of partnership business.
    C. Death or withdrawal of owner will not affect legal existence of corporate business.
    D. In Corporations the business and the owner of business are clearly separated.
    E. None

19. Which one is **true** about SWOT Analysis?
    A. **Weaknesses are negative external factors that inhibit an individual's ability to accomplish his/her mission, goals and objectives.**
    B. Opportunities are positive external or internal options that an individual could exploit to accomplish his/her mission, goals and objectives.
    C. Threats and opportunity may arise due to competition, change in government policy, economic recession and technological advances.
    D. Opportunity and strength are positive factors which associate only for internal environment.
    E. None

20. Small business fails because of the following external factors, **except** which one?
    A. Unstable financial markets
    B. Labor market
    C. Poor business philosophy
    D. Government regulations
    E. None

21. Which one of the following criteria can be used to evaluate the new product as it passes the product life cycle?
    A. The size of the potential market
    B. Marketing policy of the competitors
    C. Possibility of using the previous marketing experience
    D. All
22. The objectives of a business plan are to: _____?
    A. Give directions to the vision formulated by entrepreneur
    B. Objectively evaluate the prospects of business
    C. Monitor the progress after implementing the plan
    D. Persuade others to join the business
    E. All
23. Which marketing philosophy states that unless the organization undertake an aggressive selling and promotion effort consumers will not buy enough of the company's product?
    A. Product concept
    B. Production concept
    C. Sales concept
    D. Marketing concept
    E. All
24. As per your entrepreneurship education background who are the customers of Arba-Minch Tourist Hotel?
    A. People who are buying from Arba-Minch Tourist Hotel.
    B. People you hope will buy from Arba-Minch Tourist Hotel in the future.
    C. People who stopped buying from Arba-Minch Tourist Hotel, but you hope to get them back.
    D. All
25. Among the followings which one is **correct** about basic forms of business formation?
    A. In corporation business there is no limitation on number of stockholders.
    B. In partnership business there is no limitation on the number of partners.
    C. In corporation business the death of one stockholder can terminate the business.
    D. In partnership business all partners regardless of their agreement contain unlimited liability.
    E. A&B
26. _____ is a specific desire for satisfier and continually shaped by social forces?
    A. Need
    B. Demand
    C. Wants
    D. Exchange
    E. A&C

27. In commercialization stage market entry timing is critical so, which one is **true** about timing?

A. First entry strategy gives the first mover advantage
B. Late entry strategy gives time to re-consider and adjust the faults of first mover
C. The cost of promotion is high for late entry strategy
D. Becoming a first entry always provide advantage
E. A&B

28. _____ is a legal definition of ideas, inventions, artistic works and other commercially viable products created out of one's own mental processes?

A. Patent
B. Copy right
C. Intellectual property
D. Trade mark
E. None

29. _____ is the extent of satisfaction or pleasure that exists when a product is readily accessible to potential customers?

A. Form utility
B. Place utility
C. Possession utility
D. Time utility
E. Information utility

30. Which of the following is **incorrect** about marketing?

A. Marketing can occur any time with one social unit who strive to exchange of something value.
B. The essence of marketing is a transaction or exchange
C. Non-profit organization engaged in marketing
D. Products that can be marketed includes goods, services, ideas, people and places
E. None of the above

31. Among the followings which one is taken as functional role of conducting marketing research?

A. Descriptive function
B. Diagnostic function
C. Predictive function
D. Analytical Function
E. All

32. Among the following one is **correct** about the importance of market intelligence?

A. Identification of new opportunities
B. Early warning of competitor moves
C. Smart segmentation
D. Minimizing investment risks
E. All

33. Which of the followings are **NOT** the important factors to be consider in pricing decision?

A. Know your costs
B. Know how much customers are willing to pay
C. Know your competitor's price
D. Know the health conditions of your employees
E. None

34. All are a strategic activity needed for quality customer service delivery, **except?**
   A. Establishing a clear customer service strategy
   B. Ensuring right people are in place with the correct skills
   C. Establishing clear material service delivery processes
   D. Participatory management
   E. None

35. Among the following one is **NOT** included under the stage of product life cycle?
   A. Decline
   B. Depression
   C. Maturity
   D. Introduction
   E. Growth

Part III: Match the items under column "A" with column "B" items; (0.5pt. to each)

Column "A"	Column "B"
36. Price skimming	A. One-way communication
37. Penetration pricing	B. Two-way communication
38. Odd-even pricing	C. Low price strategy
39. Advertising	D. High price strategy
40. Personal selling	E. Psychological pricing

Part IV: Discuss the following questions (out of 8 pts)

41. List and explain risks and causes of failure associated with small businesses in Ethiopia? **(3pts)**
42. What are the contributions of entrepreneurships for individuals, community and nation general? **(3pts)**
43. Briefly elaborate why America is the most developed country and Ethiopia is developed country? **(2pts)**

20 is a pricing strategy which aims to attract ... me...

Part I: Write True or False for the following questions on the answer sheet
(Each question carries 0.5 pt.)

1. A market is a group of buyers and sellers interested in negotiating the terms of purchase/sale for goods or services.
2. A trademark can last indefinitely as long as it continues to perform the indicated function.
3. In undertaking market intelligence, semi-focused scanning is one way in which any information that may be useful is gathered without any specific purpose in mind.
4. In conducting marketing research, the researcher needs to gather primary data before looking for secondary data.
5. In marketing research, defining the research purpose or objective is the first step to be considered.
6. Marketing intelligence refers to determining the strengths and weaknesses of competitors and designing ways to take opportunities or tackle threats posed by competitors.
7. Marketing involves all the activities designed to generate and facilitate exchange intended to satisfy human needs or wants.
8. Marketing research is wide and intensive in scope as compared to market intelligence.
9. Test marketing is a small-scale product launch used to determine the likely acceptance of the product when it is introduced into a wider market.
10. The hierarchy of environmental analysis begins with macro environment and ends with the product (goods or services).

Part II: Choose the best alternative from a list of alternatives for the following questions and write letter of your choice on the answer sheet.
(Each question carries 1 pt.)

1. The ability to apply creative solution to problems and opportunities in order to enhance people's lives or to enrich society can be referred to as:
   A. Planning
   B. Persuasion
   C. Innovation
   D. Efficiency
   E. All of the above
2. Identify the **true** statement relating to MSEs in general.
   A. Number of employees and startup capital can be size criteria to define MSEs.
   B. MSEs play an important role only in developing countries.
   C. MSEs require less capital, but they can provide quick returns.
   D. A, B & C are answers
   E. A & C are answers
3. Quality plays an important role in this new era of globalization because it provides benefits of _____.
   A. Cost-effectiveness
   B. Social responsibility
   C. Reputation
   D. All of the above
   E. None of the above
4. Which one of the following is **true** as it relates to corporations?
   A. There is limitation on the number of shareholders.
   B. The amount of capital contribution is the limit for shareholder liability.
   C. Withdrawal of an owner affects the legal existence of the business.
   D. Day-to-day control is in the hands of the management who are necessarily shareholders.
   E. None of the above
5. Which one of the following is **not** involved in the process of entrepreneurship?
   A. Innovation
   B. Perceive an opportunity
   C. Acceptance of risk or failure.
   D. All of the above
   E. None of the above
6. Which one of the following is **incorrect** with regard to the general criteria to define small businesses?
   A. The operation of small businesses is generally localized except for their marketing function.
   B. Financing of the business is supplied by one individual or a small group of people.
   C. The number of employees in the business is usually fewer than 100.
   D. All of the above
   E. None of the above

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Which one of the following **cannot** be regarded as a type of innovation?
A. Invention
B. Extension
C. Duplication
D. Synthesis
E. None of the above

8. Identify the **true** statement from the following.
A. The market share of small businesses is usually not large enough.
B. The owner of a small business has full control of the business.
C. The owner of a small business actively participates in the management and all major decisions.
D. Generally, small businesses are technology intensive.
E. All except D

9. Identify the **wrong** statement.
A. Creativity results in ideas that have potential value.
B. An entrepreneur is a person who has a vision.
C. Entrepreneurship shifts people from being "job seekers" to "job creators".
D. Entrepreneur should have the qualities of listening to others.
E. None of the above

10. In the product development process, if the product concept passes the business analysis test, it moves into:
A. Product development
B. Concept testing
C. Market test
D. Commercialization
E. Screening of idea

11. Identify the **false** statement from the following.
A. Small businesses rectify the problem of gross inequalities in the distribution of income and wealth.
B. MSEs employ simple techniques of production that can be adopted easily without much investment.
C. MSEs use imported equipment and material and thus they are highly dependent on foreign capital.
D. MSEs have little impact on environmental pollution.
E. None of the above

12. _____refers to the detailed version of product idea stated in a meaningful consumer term.
A. Product image
B. Product concept
C. Product idea
D. All of the above
E. None of the above

13. Merchants buy goods from the area of surplus and move them to the area of shortage for customers to buy and, in the process, they make profit for the _____ utility they provide.
A. place
B. information
C. form
D. All of the above
E. None of the above

14. A patent right that protects new, unobvious and original appearance of an object is referred to as:
A. Design patent
B. Utility patents
C. Plant patent
D. Provisional
E. None of the above

15. All of the following are priority sectors and sub-sectors as far as MSEs engagement in Ethiopia is concerned, **except**:
A. Service sector
B. Trade sector
C. Manufacturing sector
D. Agriculture sector
E. None of the above

16. Setting preliminary design, prototype development and setting actual design of a new product are the main activities of _____ stage of the product generation process.
A. Diffusion
B. Implementation
C. Idea generation
D. Incubation
E. None of the above

17. Identify the **incorrect** match from the following as it relates to setting up a small business.
A. Implementation – Analyzing and selecting the opportunity
B. Discovery – Identifying opportunities
C. Evaluation – Launching and developing the enterprise
D. A & C are answers
E. B & C are answers

18. _____ refers to the right given to prevent others from printing, copying, or publishing an original works of authorship.
A. Trademark
B. Patent
C. Copyright
D. Plant patent
E. None of the above

19. _____ are negative external forces that hinder an entrepreneur to accomplish his/her ...on, goals and objectives.
A. Weaknesses
B. Threats
C. Opportunities
D. Strengths
E. All of the above

20. Which one of the following is a disadvantage in adopting a "first entry strategy" during commercialization of a new product?
A. Bearing the cost of educating the market.
B. Possibility to make fault which the late entrant can avoid.
C. Locking up key distributors and gaining reputation.
D. A & B are answers
E. A, B & C are answers

21. Identify the **true** statement from the following relating to the concept of business termination and business failure.
A. If a business is sold to purse a new one, it is said to be terminated.
B. Closing a business due to a financial loss to a creditor is said to be a business failure.
C. Moving a business to a new location can be regarded as business failure.
D. A & B are answers.
E. B & C are answers.

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22. Identify the **false** statement from the following.
A. A patent provides the owner with exclusive rights to hold, transfer and license the production and sale of a product.
B. Processes, machines, manufactures and composition of matter are properties that can be patented.
C. A design patent protects any new invention or functional improvements on existing inventions.
D. Patent can be granted for a number of years depending on the country's laws and type of property.
E. None of the above

23. Which one of the following **cannot** be a mistake that leads to business failure?
A. Providing little or no emphasis on planning for the future.
B. Lack of understanding of the commitment and hard work needed to achieve success in business.
C. Failure to either hire new employees or use existing employees effectively.
D. Inaccurate estimate of cash flow and capital requirement.
E. None of the above

24. The _____ concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.
A. selling
B. production
C. marketing
D. Product
E. None of the above

25. Identify the **false** statement from the following.
A. There is no doubt that there exists a symbiotic relationship between big businesses and small businesses.
B. Small businesses perform more efficiently than large ones in several areas such as distribution.
C. Knowing the purpose for being in business can have a positive impact on business success.
D. Conducive business environment contributes to the emergence of successful small enterprises.
E. None of the above

26. _____ refers to the consumers' estimate of the products overall capacity to satisfy their needs.
A. Product
B. Value
C. Market
D. Cost
E. None of the above

27. All of the following are the problems of small-scale businesses in Ethiopia, **except:**
A. Lack of adequate finance and credit.
B. Difficulty in getting raw materials of good quality at a reasonable price.
C. Use of outdated production techniques.
D. Small enterprises in Ethiopia generally appear to be financially weak.
E. None of the above

A type of utility that exists when a product is readily accessible to potential customers is:
A. Form utility
B. Time utility
C. Place utility
D. Information utility
E. None of the above

39. _____ defines members' jobs and the communication and relationship these jobs have with each other within the enterprise.
A. Organization structure
B. Evaluation schemes
C. Planning
D. Training
E. None of the above

30. The ultimate outcome of relationship marketing is the building of a unique company asset known as _____.
A. exchange
B. transaction
C. societal marketing
D. marketing network
E. None of the above

31. Which one of the following is the function of the management team in start-up and growth enterprises?
A. Executing the business plan.
B. Proactively and reactively identifying fundamental changes in the business.
C. Adjusting the business plan based on changes in the environment and market.
D. All of the above
E. None of the above

32. A type of customer satisfaction research in which the researcher assesses distributors' and retailers' attitudes toward a product, brand, or company can be referred to as:
A. Positioning research
B. Distribution channel audits.
C. Price elasticity testing
D. Sales forecasting
E. None of the above

33. Demands are wants for specific products that are backed by:
A. ability to buy.
B. willingness to buy.
C. needs.
D. A & B are answers
E. A, B & C are answers

34. Which one of the following is **not** the role of marketing information system?
A. Assessing the information need of marketing managers.
B. Providing readymade solution to marketing problems.
C. Developing information relating to marketing.
D. Distributing information to marketing managers in a timely manner.
E. None of the above

35. Primary data, in marketing research, can be collected using the following techniques, **except:**
A. Observation
B. Document analysis
C. Focus Group Discussion
D. Survey
E. None of the above

36. Which one of the following statements is **false?**
A. Business firms and non-profit organization can be engaged in marketing.
B. Wants are continually shaped and reshaped by social forces and institutions.
C. Possession utility is created when a customer buys the product.
D. Exchange is the trade of values between two parties.
E. None of the above

37. Marketing intelligence is important for:
A. getting early warning of competitor moves.
B. minimizing investment risk.
C. identifying new opportunities.
D. creating awareness about changes in the business environment.
E. All of the above

38. In the process of selecting the best distribution channel, the following factors need to be considered, **except:**
A. Product attributes
B. Company factors
C. Marketing characteristics
D. Environmental forces
E. None of the above

Debre Markos University
College of Business and Economics
Department of Management
Entrepreneurship Final Exam for First Year Natural Science Students

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Time allowed: 1:20hrs
Maximum Mark: 50%
Exam Date: 09/02/ 2014 E.C

GENERAL INSTRUCTIONS

- **Attempt All Questions**
- **Your Answer Should Be Neat and Clear**
- **Don't Hold Mobile Phone in The Exam Hall**
- **Any Form of Cheating Will Lead to Automatic Dismissal from the Exam Room and "F" Grade**
- **Write Your Answer Only on the Separate Answer Sheet Provided.**

Name [redacted] **ID №** [redacted] **Section** [redacted]

Part I: Write *true* if the statement is correct and *false* if it is incorrect (1.5 point each)

1. Want is state of deprivation for basic satisfaction whereas need is desires for specific satisfiers of needs.
2. Patent is a legal definition of ideas, inventions, artistic works and other commercially viable products created out of one's own mental processes.
3. Trade mark establishes incontestable rights regarding the commercial use of the mark.
4. All inventions can be patentable no matter the feature of the invention becomes contrary to the public.
5. If an industry business enterprise has total capital of 150,000 birr and sixteen employees, it is defined as small business.
6. Proprietorship form of enterprise has a full freedom to transfer the ownership to other party.

Part II: Choose the Best Answer from the given Alternatives (1.5 point each)

1. Late entry strategy during commercialization has the following advantages **except**:
   A. The competition will have tolerated cost of educating the market
   B. Companies enjoy the advantage of securing key distributors & gaining reputation.
   C. The competing product may reveal burden that the late entrant can avoid
   D. The company can learn the size of the market.
   E. None of the above
2. Mr. Thomas More wrote a novel book which is titled as "Utopia". Considering the scenario whic intellectual property right will be prized for him?
   A. Copy right
   B. Patent right
   C. Trade mark
   D. Trade secret
   E. All of the above

3. Which one of the following is/are the importance of centrally registered trademark?
   A. To separate goods or services of local and foreign enterprises
   B. To prevent consumers from being victims of unfair trade practices
   C. To provide information on trademark ownership and right of use when disputes arise between parties
   D. To provide required information on trademarks to government and individuals
   E. All of the above
4. According to Ethiopian rules and proclamation of micro & small enterprises, the business which competitive with price, quality, supply and profitability is found at the ---- level.
   A. Start up
   B. Maturity
   C. Growth
   D. None of the above
5. The stage/activity of product development that focus on reduction of numbers of idea to few valuable ideas is;
   A. Business analysis
   B. Idea generation
   C. Idea screening
   D. Market test
   E. None of the above
6. Which one of the following is the consumer's estimate of the products overall capacity to satisfy his or her needs?
   A. Cost
   B. Demands
   C. Transaction
   D. Value
   E. Wants
7. Which one of the following utilities are created when a customer buys the products?
   A. Form Utility
   B. Place Utility
   C. Possession Utility
   D. Time Utility
   E. None of the above
8. Which of the following marketing Philosophies is practiced more aggressively with goods that buyers normally do not think of buying?
   A. The production Concept
   B. The product Concept
   C. The societal marketing Concept
   D. The marketing Concept
   E. None of the above
9. Which one of the following roles of marketing research in decision making is about explanation of data?
   A. Predictive Function
   B. Descriptive Function
   C. Analytical Function
   D. All of the above
10. It is research conducted to know how favorably consumers view the brand
   A. Market size
   B. Market share
   C. Market penetration
   D. Buyer decision processes research
   E. None of the above
11. All are the importance of marketing intelligence **except.**
   A. Smart segmentation
   B. Promote internal focus
   C. Minimizing investment risks
   D. Identification of new opportunities
   E. Early warning of competitor moves
12. A marketing philosophy that states "love the customers, not the product" is;
   A. The Sales concept
   B. The production Concept
   C. The product Concept
   D. The marketing Concept
   E. All of the above
13. ___ is way to undertake marketing intelligence by limited and unstructured attempt to obtain information for a specific purpose.
   A. Unfocused scanning
   B. Semi-focused scanning
   C. Informal search
   D. Formal search
   E. None of the above

14. If you add a certain percentage of selling price to your unit cost, the pricing strategy is
    A. Cost-plus pricing
    B. Mark-up pricing
    C. Odd-even pricing
    D. Penetration Pricing
    E. Price Skimming
15. Which one of the following promotional strategies provides free samples and prizes to be offered to arouse interest of customers in buying the good/service?
    A. Advertising
    B. Personal selling
    C. Public relations
    D. Sales promotion
16. Among the form of business ownership, one can help to limit liability?
    A. Corporations
    B. Partnership
    C. Sole proprietorship
    D. B and C
    E. All of the above
17. It is the economic criteria that imply the owner actively participates in all aspects of the running the business, and in all major decision-making process.
    A. Geographical area of operation
    B. Independence
    C. Market share
    D. Personalized management
    E. Technology
18. Which one of the following can be the success factors for small business?
    A. Identification of your competitive advantage
    B. Flexible and innovation
    C. Cultivate a close relationship with your customers
    D. Strive for quality
    E. All of the above
19. Which one is correctly shows the stages of product and service development?
    A. Idea generation→incubation → implementation → diffusion
    B. Idea generation→incubation → diffusion→implementation
    C. Idea generation→ implementation → diffusion→ incubation
    D. Idea generation→ diffusion → incubation →implementation
20. The patent that protects the appearance of imperceptible designs for articles of manufacture is.
    A. Utility patent
    B. Process patent
    C. Patent right
    D. Design patent
    E. None of the above
21. Which of the following is true about the sales promotion?
    A. It is a short term campaign to influence customers to buy more.
    B. It used to motivate sales force to sell more.
    C. It can be made by offering money, goods or services as inducements.
    D. A&B are correct answers
    E. All

Part III: Give Short Answers to the Following Questions

1. List at least six types of customer satisfaction research **(3 points)**
2. What are the two most common causes of business failure in Ethiopia? List them **(2.5 points)**
3. What are the steps in competitive analysis? List them. **(4 points)**

Entrepreneurship answer

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Debre Markos University
College of Business and Economics
Department of Management
Entrepreneurship Final Exam for First Year Social S

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- Write Your Answer Only on the Separate Answer Sheet Provided.

Name Asmamaw Fenta ID № 283 Section 3SA

Part I: Write *true* if the statement is correct and *false* if it is incorrect (1.5 point each)

1. A business idea is a short and precise description of the basic operation of an intended business.
2. An Ethiopian intellectual property law has an objective of collecting; organizing and disseminating technological information contained in patent documents and encourage its utilization.
3. Threats are negative external forces that hinder an individual from accomplishing his/her mission, goals and objectives.
4. If a business enterprise has total capital of 90,000 birr and three employees, it is defined as small business.

Part I: Choose the Best Answer among the Provided Alternatives and Put Your Answer in the separate Answer Sheet provided (1.5 point each)

1. Which one of the following can be considered as the most critical element of the entrepreneurial process, as it allows the entrepreneur to assess whether the specific product/service has the returns needed for the resources required?
   A. Scanning the environment
   B. Opportunity evaluation
   C. Opportunity identification
   D. Opportunity development
   E. Assessment of the entrepreneurial team
2. Which one of the following methods of generating business idea originally unrelated objects can be brought together to form a new combination and possibly a new goods/service that better satisfies a need?
   A. Attribute listing
   B. Problem inventory analysis
   C. Free association
   D. Forced relationships
   E. None of the above

3. Which one of the following is **correct** about business plan?
   A. It is a blueprint of the step-by-step procedure that would be followed to convert an idea into a successful business venture
   B. A business plan is a road map for starting and running a business.
   C. It can be used as a yardstick against which to monitor performance.
   D. It provides information to all concerned people like the venture capitalist and other financial institutions, the investors & employees.
   E. All of the above
4. Which one of the following occurs when you think of the different processes that are involved in the operation of a particular business and the products that can be offered with respect to those processes?
   A. Brainstorming
   B. Draw from experience
   C. Survey your local business area
   D. Structured brainstorming
   E. All of the above
5. It is the economic criteria that imply the owner actively participates in all aspects of the running the business, and in all major decision-making process.
   A. Market share
   B. Geographical area of operation
   C. Independence
   D. Personalized management
   E. Technology
6. Which one of the following components of business plan discuss the objective of the business, a brief history about the past performance of the company and the type of ownership?
   A. Funding requirement
   B. The business
   C. The product/services
   D. The plan
   E. Critical risks
7. Which one of the following are people who would know a lot about the type and field of business you want to go into and/or a lot about your potential customers?
   A. Competitors
   B. Financial institutions
   C. Key informants and opinion leaders
   D. Potential customers
   E. None of the above
8. If an entrepreneur decides to produce existing product and add some new features, this idea is?
   A. Old idea with modification
   B. New idea development
   C. Copying of old idea
   D. None of the above
9. Which one of the following roles of MSEs in developing countries removes the drawbacks of capitalism, abnormal profiteering, concentration of wealth and economic power in the hands of few?
   A. Equitable distribution of wealth and decentralization of economic power
   B. Dispersal over wide areas
   C. Mobilization of local's resources
   D. Promotion of self-employment
   E. Protection of environment
   F. Shorter gestation period
10. The sector that comprises sub-contracting; building materials, traditional mining works; cobble stone; infrastructure sub-contract; and prestigious goods is
   A. Agriculture Sector
   B. Manufacturing Sector
   C. Trade Sectors
   D. Service Sectors
   E. Construction Sectors

11. In which levels of MSEs in Ethiopia an enterprise able to be profitable and invest further by fulfilling the definition given to the sector and using the support provided?
   A. Start-up
   B. Growth Level
   C. Maturity Level
   D. Growth- Medium Level
   E. None of the above

12. It is the stage of entrepreneurial process of launching a new venture that identify opportunities which may form the basis of an entrepreneurial venture.
   A. Discovery
   B. Evaluation
   C. Implementation
   D. Exploitation
   E. None of the above

13. Which one of the following can be the success factors for small business?
   A. Identification of your competitive advantage
   B. Flexible and innovation
   C. Cultivate a close relationship with your customers
   D. Strive for quality
   E. All of the above

14. _____ defines members' jobs and the communication and relationship these jobs have with each other.
   A. Planning, measurement, and evaluation schemes
   B. Rewards
   C. Selection criteria
   D. Organization structure
   E. Training

15. If product concept passes the business test, it moves to R&D to be developed to one or more physical version of the product concept. This step of new product development process is
   A. Idea Screening
   B. Concept Development and Testing
   C. Marketing Strategy Development
   D. Product Development
   E. Business Analysis

16. Which one of the following is **not** the advantage of late entry strategy?
   A. The competition will have borne the cost of educating the market;
   B. The competing product may reveal fault that the late entrant can avoid
   C. The company can learn the size of the market.
   D. The company usually can lock up key distributors & gaining reputation
   E. All of the above

17. Which one is not true about patent?
   A. It is a property rights that can be sold and transferred for existing product
   B. It gives the owner with exclusive rights for new invented products
   C. It is issued by government to the inventor
   D. Given to an entrepreneur who improves an existing invention
   E. It can be given for new production process

18. _____ distinctive names, marks, symbols or motto identified with a company's product or service and registered by government offices.
   A. Copy right
   B. Patent
   C. Trade mark
   D. Trade secret
   E. License

19. Among the form of business ownership, one can help to limit liability?
   A. Sole proprietorship
   B. Corporations
   C. Partnership
   D. B and C
   E. All of the above

20. Which one is true about small business according to control criteria?
   A. They affect the price of the product at the national level
   B. They didn't affect the quantities of the product at the national level
   C. The owner has no a full authority
   D. They are use technology which is capital intensive
   E. The area of operation is national level

21. Which one is not correct about the social and economic aspects of small business?
   A. They are less capital intensive and more labor intensive
   B. They help removing regional imbalance
   C. Supply raw material for other big firms
   D. It can be a problem because it depends on foreign capital
   E. It promotes mobilization of local resources

22. Which one is the cause of small business failure factor related with improper managerial control as well as shortage of capital?
   A. Inadequate financing
   B. Inadequate management
   C. Lack of experience
   D. Lack of specialized management skill
   E. Noe of the above

23. The Ethiopian government provide different support package to promote the success of micro and small enterprise, this can be considered as_____ environment?
   A. Socio-cultural environment
   B. Economic environment
   C. Political environment
   D. Technological environment
   E. All of the above

24. Which intellectual property right protects artworks?
   A. Patent
   B. Trade Mark
   C. Copyright
   D. Trade secret

Part III: Give Short Answers to the Following Questions

1. List the steps involved in business planning process **(3 points)**
2. What are the two most common causes of business failure? List them **(2 points)**
3. List at least four benefits of a registered trademark **(3 points)**
4. Write the title of your business plan **(in your Assignment)**

ANSWER SHEET

Name: Asmamaw Penta ID No: ZR3 Section: SDA

Part I. True/False

1. ~~The~~ ✓
2. ~~The~~ ✓
3. ~~The~~ ✓
4. ~~The~~ ✗

22 × 1.5 = 33

Part II. MULTIPLE CHOICE

1.	B	9.	A	17.	A
2.	A	10.	E	18.	C
3.	E	11.	C	19.	B
4.	D	12.	A	20.	B
5.	D	13.	E	21.	D
6.	B	14.	D	22.	A
7.	C	15.	D	23.	C
8.	A	16.	D	24.	C

PART III. Discussion part

1. List the steps involved in business planning process **(3 points)**

- Identify opportunity
- Evaluating
- Implementation

0.5

28.5/50

2. What are the two most common causes of business failure? List them **(2 points)**

- Inadequate management
- Inadequate financing

2

3. List at least four benefits of a registered trademark **(3 points)**

It stabilishes

1 - local and foreign enterprise distinguish their goods & services

2 - entitle you to use the notice of registration

3 - To distinguish the products/ service one enterprise to another

4 - To provide information on the marke owners & use of rights.

5 - To provide information on trademarke on to Gov't & individual

6 - entitle you sue the federal court based on the infringement of the mar

3

12. Choose the Psychological pricing method based on the belief that certain prices or price ranges are more appealing to buyers. This method involves setting a price in odd numbers (just under round even numbers) such as $49.95 instead of $50.00. Although not supported by any research findings, its proponents claim that the consumers see a $49.95 price as 'just in the price range of $40' rather than in the $50.

A) Price Skimming
B) Penetration Pricing
C) Cost-plus pricing
D) Odd-even pricing

13. 91% of customers who have major complaints decide they will never come back. But if the complaint is resolved quickly, _____ of them will return. Quick complaint resolution drops customer defection rate from 91% to _____. It is better to have a complaining customer than no customer at all. It pays to resolve complaints quickly.

A). 82%, 18%; B). 72%, 28%; C). 62%, 38%; D). 52%, 48%;

14. A (n) _____ involves showing a preliminary description of a product or service idea to prospective customers to gauge customer interest, desirability, and purchase intent.

A) Concept Test
B) Idea Prospectus
C) Product /Service statement
D) Idea test
E) Impression Test

15. All businesses need money to finance a host of different requirements. In looking at the types and adequacy of funds available, it is important to match the use of the funds with appropriate funding methods:

A) Permanent Capital
B) Working Capital
C) Asset Finance
D) All the above

16. Choose the incorrect Statement about Venture Capitalists (VCs),

A) Finance, small scale new technology and any risky idea
B) Funds are more specialized versus homogeneous
C) Reasonable expectations on equity position and ROI

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22. An ethical behavior that is associated with answerability is _____.

A) Accountability

B) Commitment to Excellence

C) Loyalty

D) Law Abiding

23. In the Idea Screening, the purpose is to lessen the number of ideas to few vital/valuable ideas. The ideas should be written down and reviewed each week by an idea committee who should sort the ideas into three groups. Find the odd one which is not part of this group.

A. Promising Ideas B. Marginal Ideas; C. Rejects; D. Exempts;

24. It is a contract between an inventor and the government in which the government, in exchange for disclosure of the invention, grants the inventor the exclusive rights to enjoy the benefits.

A. Copyrights; B. Trademarks; C. Patent; D. None of the above;

25. Even though there are many models that advocate what the product/service generation process should look like, for this purpose we shall adopt four distinct stages. These stages can be referred to as: Choose the *incorrect* answer:

A) Idea Generation;

B) Incubation;

C) Implementation

D) Diffusion

E) Expansion

26. It is the right given to prevent others from printing, copying or publishing any original works of authorship.

A. Patent B. Trademarks; C. None of the above; D. Copyrights;

27. The following list of principles incorporates the characteristics and values that most people associate with ethical behavior.

A). Honesty, Integrity, Promise-Keeping & Trustworthiness;

B). Loyalty, Fairness, Concern for Others, Respect for Others;

C). Law Abiding, Commitment to Excellence, Leadership;

D) Reputation and Morale, Accountability;

E). All the above

33. Anything that can be offered to the market for attention, acquisition, use, or consumption that might satisfy a need or want is called_____

A) product

B) Idea

C) service

D) demand

34. To address the issues and concerns of those who read a prospectus, all of the following should be considered in the preparation of the plan, except:

A) The marketing perspective

B) The investor's perspective

C) The entrepreneur's perspective

D) Reliable intruder's perspective

E) None of the above

35. A marketing manager decides what variables are needed to put together to satisfy customers' needs for a product. What are the essential variables that the marketing manager uses?

A) marketing mix

B) marketing variables

C) product, price, promotion, place

D) 4 P's of marketing

E) all of these

36. When a company introduces a line of food in response to customer demand, it is following which one of the following philosophies?

A) selling concept

B) production concept

C) retailing concept

D) marketing concept

E) segmentation concept

37. Which one among the below may be a word, symbol, design or some combination of such, or it could be a slogan or even a particular sound that identifies the source or sponsorship of certain goods or services.

A. Trademarks; B. Patent; C. Copyrights; D. None of the above;

38. Stakeholder theory affirms that those whose lives are touched by a corporation hold a right and obligation to participate in directing it.

A). True B). False

39. What Can Be Patented?

A) Processes

B) Manufacturers and Machines

C) Composition of matter

D) All the above

40. In case of operating lease, the lessor usually provides advice to the lessee for repair, maintenance and technical knowhow of the leased asset and that is why this type of lease is also known as _____lease.

A) Finance

B) Local

C) Service

D) Contract

41. "Iqub" is a means of saving and may be substitute for formal banking credit, "Idirs" are burial societies that provide a traditional form of insurance.

A). True; B). False;

42. What provides the owner with exclusive rights to hold, transfer and license the production and sale of a product / process?

A. Trademarks; B. Patent; C. Copyrights; D. None of the above;

43. In Marketing Information Systems, the marketing environment consists of

1. Target market 2. Marketing channels 3. Competitors 4. Publics 5. Macro environment.

A) 1 & 2

B) 1, 2 & 3

C) 1, 2, 3 & 4

D) 1, 2, 3 & 5

E) 1, 2, 3, 4 & 5

44. In Marketing Research Process, 'blueprint' is a term related to which Step?

A) Step 1: Define the research purpose or objectives;

B) Step 2: Research Design Formulation;

C) Step 3 & 4. Gather Secondary and Primary Data;

D) Step 5: Data Processing and Analysis

E) Step 6: Report Preparations and Presentation;

45. Ways to Undertake Marketing Intelligence

A) Unfocused Scanning

B) Semi-focused Scanning

C) Informal search

D) Formal search

E) All the above

Part II: Write "True" if the statement is correct or write "False" if the statem incorrect (One point each)

46. The informal economy is supposed to be regulated, predictable and able to smoothly transact near-pure market?
47. Radical innovation can threaten to transform the industry itself by destroying the existing mar and thus creating the next great waves?
48. Locus of control refers to the faith an entrepreneurs have in their ability to determine their own success?
49. Market linkage is one of the Ethiopian small businesses problems?
50. The Adopter role of entrepreneurs refers to allocation of budget?

9

Part I: Say True or False (1 point each)

1. Consumer test are conducted under laboratory & field conditions to make sure that [illegible] performs safely and effectively. F
2. Service is influenced by the service provider. T
3. Partnership form of business has greatest form of continuity of business. F
4. Market share research deals with the number or value of units sold to a market in a given period. F
5. Customer satisfaction is achieved through the development of product and service, which have all attributes required by the provider. F
6. If a firm decided to enter the market with late entry strategy, the firm will enjoys the first mover advantage. F
7. Actions such as bankruptcy, foreclosure and voluntary withdrawal from the business with a financial loss to a creditor are some of the reasons behind business failure. T
8. Customer is a person or organization that buys a product or service for final consumption only. F

Part II: Select best answer among four possible alternatives (1 point each)

1. Which one of the following **is false** about selling concept?
   A. Companies following it believe that good quality products will create more customers ✓
   B. More practiced with goods exists in the market that buyers normally don't think of buying it
   C. It focuses on making every possible sale of the product regardless of the quality of the product.
   D. Since it works for companies with short sighted profit goals, it leads to marketing myopia
2. The best definition of a sole trader form of business organization is:
   A. The business employs only one person
   B. The business is owned by one person ✓
   C. The firm has a single customer
   D. There is a single firm in the industry

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Which one of the following **is not true** about utility?

A. Time utility will be enhanced if a company provides a rental car at a consumer's disposal on individual customers' urgency of need.

B. Time utility becomes high when a product or service is scarce

C. Form utility defines the satisfaction and gains received from using and having a specific commodity

D. The higher the aftersales service, the more consumers will derive possession utility from employing a particular product

4. Channel of distribution benefit consumers by:

A. Raising the quality of all consumer products

B. Increasing profits for business

C. Lowering the prices of all consumer products

D. Making a variety of products available to them

5. A company getting ready to launch a new product must take several decisions. The company must first decide on:

A. Whether to launch the product in a region

B. Whether to launch the product in a single locality

C. To whom the company going to distribute

D. When to time the new product introduction

6. Fitsum Getachew's supermarket which operates in Hossana town offers a $ 50 bonus per unit for buyers of product XXX and $40 for buyers of product YYY for a specified time period. The type of promotion Fitsum's supermarket pursued:

A. Advertisement

B. Public Relation

C. Sales Promotion

D. Personal selling

7. Maranatha Elias pays roughly the same amount for Netflix, Amazon Video, Hulu, and other streaming services. Streaming service companies pricing strategy is:

A. Competition oriented

B. Penetration

C. Skimming

D. Cost plus pricing

8. Which one of the following **is not true** about penetration pricing strategy?

A. The main target group is price sensitive customers

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B. Can be used when the company has a unique competitive advantage compared to its ...

C. It is a sensitive strategy to apply as the market might be penetrated by yet another new en...

D. It is designed to capture market share by entering the market with a low price as compared ... the competition

9. Hope entertainment releases is conducting a business analysis to determine which of the many new songs available to management should be released. Sales must be estimated before costs can be estimated. Which of the following do you recommend for forecasting sales?

A. Conducting surveys of competitors

B. Considering the sales history of similar products and conducting surveys of market opinions

C. Considering the history of market opinions

D. None of the above

10. The marketing function that helps sellers to provide information to buyers about the seller's product is:

A. Financing

B. Promotion

C. Distribution

D. Purchasing

11. ABC Company stores food grains at the time of a bumper harvest and releases their stocks for sale at the time of scarcity. ABC company derives the advantage of _____ utility

A. Time

B. Place

C. Form

D. Possession

12. Which one of the following **is not true** about the difference between selling and marketing philosophies?

A. Marketing philosophy follows inside out approach, while selling philosophy follows outside in approach.

B. Marketing philosophy focuses on the marketing concept that starts at understanding the market, whereas selling philosophy focuses on the selling concept that starts at the production level

C. Marketing philosophy is more suitable for almost any type of product and market, but selling philosophy is suitable with unsought goods

D. Selling philosophy functions more when business focuses on short term marketing strategies while marketing philosophy functions more when a business focuses on sustainable marketing strategies.

13. One of the claimed advantages of a sole trader business is that:

A. Owners have limited liability

B. Shares can be sold to raise capital

C. Decisions and responsibilities can be shared

D. The owner has independence



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company has decided on a name for its new product. The company has done an extensive search and has established that no other company or product is using this name. What form of Intellectual Property right should that company apply for to register the name?

A. Patent
B. Trademark ✓
C. Copyright
D. Trade secret

15. New product development starts with:

A. Concept development
B. Idea generation ✓
C. Concept testing
D. Idea screening

16. Apple's iPod has been one of the greatest consumer electronics hits of all time. More than 100 million iPods have been sold, and the iPod captures more than 75 percent of the music player market. This success has attracted many large and resourceful competitors to the market. Considering the above description, the iPod is in_____stage of product life cycle.

A. Introduction
B. Decline
C. Maturity ✓
D. Growth

17. In which stage of setting up small scale business that an entrepreneur should have selected an idea worthy of further detailed investigation, find out information about the market need and gathering the resources for launching small business into practice

A. Exploitation
B. Evaluation ✓
C. Discovery
D. Implementation

18. Which one of the following is/are qualitative characteristics that used to differentiate small business from other business?

A. Startup capital
B. Sales volume
C. Market share ✓
D. Number of employees

19. One of the following can be considered as causes associated with the failure of small scale enterprises, except;

A. The "I am always perfect " view point of the entrepreneur
B. Adequate and timely supply of credit ✓
C. No one likes to think about failing, yet many small business owners invite failure by ign oring basic rules for success

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C. Market segmentation . D. None of the above

27. When do we say an enterprise is at growth stage?

A. When its manpower and total asset is less than at startup level.

B. When it invests further by fulfilling the definition given to the sector and using the support provided.

C. When it is competent in price, quality and supply. •

D. All of the above.

28. Which one of the following is not true about corporation form of business organization?

A. It is more difficult to set-up and manages due to greater requirements and heavier governance scrutiny.

B. Ownership can be easily transferred through stocks without consent of other shareholders.

C. Limited source of capital and restrained growth potential compared to a partnership.

D. shareholders' enjoy limited liability since the company is an independent legal entity

29. Which one of the following is not categorized under manufacturing sector?

A. Textile and garment

B. Leather and leather products

C. Beverage

D. Building materials .

30. **Essey Petros**, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Essey has conducted:

A. SWOT Analysis

B. Market Research.

C. Market orientation

D. Financial analysis

Part III: - Discussion Questions (4 points each)

1. Briefly explain basic legal forms of business organizations.
2. How can business owners or entrepreneurs minimize/avoid some common pitfalls that lead to business failure?
3. What is intellectual property? Explain methods of protecting intellectual property.



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Part I: Multiple Choices: Choose the correct answer and write on the answer sheet attached

1. Even though there are many models that advocate what the product/service generation process should look like, we shall adopt four distinct stages. These stages can be referred to as. Choose the incorrect answer:
   A) Idea Generation
   B) Incubation
   C) Implementation
   D) Diffusion
   E) Expansion

2. To address the issues and concerns of those who read a prospectus, all of the following should be considered in the preparation of the plan, except:
   A) The marketing perspective
   B) The investor's perspective
   C) The entrepreneur's perspective
   D) Reliable intruder's perspective
   E) None of the above

3. When a company introduces a line of food in response to customer demand, it is following which one of the following philosophies?
   A) selling concept
   B) production concept
   C) retailing concept
   D) marketing concept
   E) segmentation concept

4. In the Idea Screening, the purpose is to lessen the number of ideas to few vital/valuable ideas. The ideas should be written down and reviewed each week by an idea committee who should sort the ideas into three groups. Find the odd one which is not part of this group.
   A. Promising Ideas B. Marginal Ideas; C. Rejects; D. Exempts;

5. It is the right given to prevent others from printing, copying or publishing any original works of authorship.
   A. Patent B. Trademarks C. None of the above D. Copyrights

6. Which one of the following is under the domain of intellectual property rights?
   A) Processes
   B) Machines
   C) Manufactures
   D) Composition matters
   E) All of the above

7. In case of operating lease, the lesser usually provides advice to the lessee for repair, maintenance and technical knowhow of the leased asset and that is why this type of lease is also known as _____lease.
   A) Finance
   B) Local
   C) Service
   D) Contract

8. In Marketing Research Process, 'blueprint' is a term related to which Step?
   A) Step 1: Define the research purpose or objectives;
   B) Step 2: Research Design Formulation;
   C) Step 3 & 4: Gather Secondary and Primary Data;
   D) Step 5: Data Processing and Analysis
   E) Step 6: Report Preparations and Presentation;

9. Choose the Psychological pricing method based on the belief that certain prices or price ranges are more appealing to buyers. This method involves setting a price in odd numbers (just under round even numbers) such as $49.95 instead of $50.00. Although not supported by any research findings, its proponents claim that the consumers see a $49.95 price as 'just in the price range of $40'rather than in the $50.
   A) Price Skimming
   B) Penetration Pricing
   C) Cost-plus pricing
   D) Odd-even pricing

10. The small business owner needs to be aware of the criteria bankers use in evaluating the credit worthiness of loan applications. Most bankers refer to the five C's of credit in making lending decision. The five C's are:
   A) Capital, capacity, collateral, character, and conditions
   B) Capital, courage, collateral, character, and conditions
   C) Cash, courage, collateral, character, and conditions
   D) Capital, customer, collateral, character and conditions

11. Form of a business owned by more than one individual and the owners have unlimited liability is known as:
   A. Proprietorship B. Corporation C. Partnership D. stockholder

12. One of the following is not from economic/control factors that differentiate small business from other business:
   A. Market share B. Independence C. Technology D. Personalized management

13. The Evaluation stage of entrepreneurial process deals with:
   A) Identifying a problem and potential solution
   B) Forming the enterprise and implementing entrepreneurial strategy

C) Determining the feasibility of the business
D) Creatively identifying entrepreneurial opportunities

14. One of the following is not included in the three key stages of entrepreneurial process of launching a new venture:
A. Discovery B. Evaluation C. Implementation D. Exploration

15. The following are macro environments that are not immediate part of the entrepreneurs' venture except:
A. Human Resource B. Politics C. Economy D. Technology

16. When an enterprise becomes competent in price, quality and supply and increases its total asset and human resource therefore; it is on _____ stage.
A. Start-up B. Growth C. Maturity D. Growth-medium level

17. In designing an organization, assigning jobs and identifying job relationships is known as:
A. Reward B. Selection C. Structure D. Training

18. According to the intellectual property systems in Ethiopia, which one of the following is not acceptable to patentability right
A) Biological process
B) Computer program
C) Scientific theory
D) All of the above
E) None of the above

19. Copyrights are applicable for all but
A) Literary work
B) Dramatic Work
C) Movies
D) Process design
E) Computer software

20. Which step of effective innovation process in an organization guides the product development processes
A) Idea generation
B) New product strategy
C) Idea screening
D) Marketing strategy
E) Commercialization

21. The step that deals with estimation of sales, cost and profit volume in the new product development process is
A) Business analysis
B) Idea generating

C) Idea screening
D) Test marketing
E) Commercialization

22. The step that deals with market entry timing or entry options in new product development process is
    A) Business analysis
    B) Idea generating
    C) Idea screening
    D) Test marketing
    E) Commercialization

23. The step in the product development process that classifies ideas into promising ideas, marginal ideas and rejects is
    A) Business analysis
    B) Idea generating
    C) Idea screening
    D) Test marketing
    E) Commercialization

24. _____ is the process through which companies react to market signals, respond to changes in customer demand, adopt new technologies, foray into new areas, and ensure continuous growth.
    A) Business analysis
    B) Product development
    C) Idea screening
    D) Test marketing
    E) Commercialization

25. One of the following may not be the primary prospects of companies when they develop new products to their target market
    A) Early adapters
    B) Heavy users
    C) Opinion leaders
    D) Researchers
    E) All of the above

26. The activity for creating, communicating, delivering and exchanging offerings that benefit the organization, its stakeholders and society at large is referred to as:
    A. Marketing
    B. Advertising and promotion
    C. creative planning
    D. Consumerism

27. Which of the following marketing management philosophy is most applicable when demand is higher than supply?
    A) Product concept
    B) Production concept
    C. The selling concept
    D. The marketing concept

28. For exchange to take place
A) There must be at least two parties
B) Each party must have something of value to offer
C) Each party must be capable of communicating and delivering
D) Each party must be able to accept or reject the exchange offer
E) Each party must feel that it is appropriate or desirable to deal with other party
F) All of the above

29. The last phase in the product development process is
A) Incubation
B) Idea generation
C) Implementation
D) Diffusion
E) Test marketing

30. Which of the following statements is correct?
A) Marketing is the term used to refer only to the sales function within a firm.
B) Marketing managers usually don't get involved in production or distribution decisions
C) Marketing is an activity that considers only the needs of the organization, not the needs of the society as a whole
D) Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

31. Which of the following is not an element of the marketing mix?
A) Distribution
B) Target market
C. Product
D. Pricing

32. _____is the act of obtaining a desired object from someone by offering something in return.
A) Marketing
B) Selling
C. Transaction
D. Exchange

33. _____is the process of dividing a potential market into distinct sub-markets of consumers with common needs and characteristics.
A) Market segmentation
B) Target marketing
C. Positioning
D. Direct marketing

34. Which of the following statements is true about relationship marketing?
A) Business suppliers use social networking sites sparingly as these sites discourage businesses from shopping for all their needs.
B) Relationship marketing has become more important than before because competition is becoming more intense.
C) Loyal customers are less profitable than those who are price sensitive and perceive no difference among brands or suppliers.

D) For many suppliers, retaining their current customers has become a secondary focus of relationship marketing.

35. All of the following are conditions of an exchange except:
A) Each party is free to accept or reject the exchange offer
B) At least two parties are required
C) Each party has something that might be of value to the other party
D) Money is the medium of exchange

36. Which one of the following is true about the production philosophy of marketing management philosophy?
A) It does not apply to services
B) Is based on the belief that people will buy more goods and services if aggressive sales techniques are used irrespective of their needs
C) Overlooks the internal capabilities of an organization
D) Does not consider whether the goods and services that a firm produces most efficiently meet the needs of the marketplace

37. One is not the common source of equity funding
A) Business Angels
B) Venture Capital
C. Guaranteed Loans
D. Initial Public Offering

38. A contractor who is unable to buy casting machines for his medium finance need is now considering to borrow those machines from a borrower as a result he will possess those machines at the time while the contact ends. This source of finance is known as
A) Hire purchase
B) Personal sources
C. Leasing
D. A &C
E. None

39. Capital invested in a business by its owners, called?
A) Venture capital
B) Commercial Banks
C. Equity financing
D. Finance Companies
E. B and C

40. Among the following, which one is the source of funding that requires collateral?
A) Leasing
B. Bank Loan
C. Venture Capital
D. Equity Financing

41. Capital invested in a business by its owners, called;
A) Venture capital
B) Equity financing
C) Commercial loan
D) Financial companies
E) B and C

42. Which one of the following is financial measure of growth?
A) Number of customers served

B) Increase in capital
C) Types of products offered.
D) Number of outlets opened
E) The number of employees

43. If you are looking to commence a new business and undertake professional business plan, you need to ensure that the plan has to be developed in the context of attaining the following objective except?
   A) Objectively evaluate the prospects of business
   B) Monitor the progress after implementing the plan
   C) Persuade others to join the business
   D) Seek loans from financial institutions
   E) Visualize the concept in terms of marketing availability, organizational, operational and financial feasibility
   F) None

44. A(n) _____ is a structured and systematic analysis of the attainability and possibility of the proposed business from both internal and external factors?

   A) Environmental assessment
   B) Feasibility study
   C) Strategic outlook
   D) Sensitivity analysis
   E) None

45. The External Environmental Analysis (Opportunity and Threat Analysis) Process of Business Environment Analysis has to pass through sequential stages, which of the following s alternative has contained the right sequence?
   A) Assessing, Scanning, Monitoring, and Forecasting
   B) Forecasting, Assessing, Scanning, and Monitoring
   C) Monitoring, Forecasting, Assessing, and Scanning
   D) Scanning, Monitoring, Assessing and Forecasting
   E) Scanning, Monitoring, Forecasting and Assessing
   F) None

Part II: True or false

1. Radical innovation can threaten to transform the industry itself by destroying the existing market and thus creating the next great waves. True
2. Locus of control refers to the faith an entrepreneurs have in their ability to determine their own success? True
3. Finding raw materials with good quality at reasonable prices in the field of production is one of the Ethiopian small business's problems.
4. Leasing provides the immediate use of the asset and ownership of it provided that, payments according to the agreement be made.
5. Equity financing is a financing method involving interest-bearing instrument.

Part III: Short Answer (2 Points each)

1. List and describe at least the four types of innovation

2. List and describe at least five essential components of business plan

3. Critically explain the stages of new product development process

4. Discuss the two types of Lease

5. Discuss the major characteristics of service which differentiate, service from physical product