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SME MGT 601 MCQs solved

There are too many laws regarding labor force in Pakistan that causing problems for SME. It was proposed that existing labor legislation be simplified and rationalized into how many basic laws?

- **Six P-35 (Lecture # 11 Slide # 8)**
- Ten
- Fifteen
- Twenty

When you submit an application for a loan, credential that introduces your business to the bank has a form called "Form-29". Under which condition you will provide this form to the bank.

- In case of Sole Proprietorship
- In case of Private Limited Company
- **In case of Cooperation??**
- In case of Partnership

Which of the following is NOT available in job description?

- Job content
- Job environment
- **Abilities required P-73**
- Conditions of employment

Which of the following problems is/are served as hurdle in the development of SMEs in Pakistan?

- 56 Labors Laws
- Labor Inspections
- Exporter's Reservation regarding Labor
- **All of the given options P-35 (Lecture # 11 Slide # 6)**

In which year "Environment Protection Ordinance" in Pakistan has been enacted.

- 1993
- 1995
- **1997 ??**
- 1999

How the large and small sectors are interlinked?

- By foster changes
- By risk sharing
- **By Merchandising P-5**
- By serving the same market

A person is evaluated high on many traits because of belief that the individual is high on one trait. This perception is affected by which of the following effects?

- Contrast
- Dominance
- **Halo P-75**
- Perceptual

All of the following are the problems that can be faced by businessmen during the construction phase EXCEPT:

- Acquisition of land
- Acquisition of machinery
- Prospecting about marketing
- **Poor location P-53**

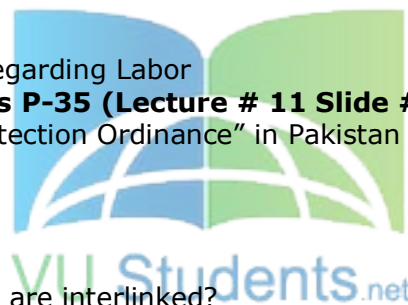
Which of the following term is defined as: "The initial equity capital used to start a new venture or business"?

- Value Capital
- Working Capital
- **Seed Capital – Correct**
- Gross Capital

For what purposes the activity of performance appraisal is NOT done in an organization?

- **To punish employee – Correct**
- To motivate employee
- To evaluate employee
- To give reward to employee

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What is the maximum limit of loan that Punjab Small Industries Corporation (PSIC) can issue? (As per survey 2001)

- 5 Lac
- **7.5 Lac P-22**
- 10 Lac
- 12.5 Lac

_____ is a business term means an extraordinary event or circumstance beyond the control entrepreneur such as war, strike, crime, flood, earthquake which prevents him from continuing the business.

- **Force Majeure??**
- Force Mortgage
- Force Montague
- Force Meringue

In recent years, how much per worker productivity of Pakistani labor force has decreased as compared to India.

- **25% P-35 (Lecture # 11 Slide # 11)**
- 30%
- 35%
- 40%

In which year first appropriate definition of small business was introduced by an Indian?

- 1935
- **1940 P-2** by Mr. K. T. Shah P-2
- 1945
- 1950

Which of the following is/are the result/s of implementation of Ayubian model of economic development during 1980s?

- Promotion of large-scale units
- Expansion of large-scale enterprises
- Large loans offered by financial institutions
- **All of the given options P-19**

What was the outcome due to which the SME policy adopted by Pakistan in 1960 was rejected and was reverting to the Ayubian model of economic development?

- **Inefficient labor P-19**
- Political Instability
- Society injustice
- Technological revolution

Which of the following can be assessed by cash flow statement?

- Amount required for depreciation
- Withdrawal of amount for personal use
- **Generation of positive cash flows P-52**
- Need of cash for procurement

In which year Small & Medium Development Authority (SMEDA) was established?

- July, 1994
- August, 1988
- **October, 1998 P-26**
- December, 2001

How many labor laws that exist in Pakistan to control the labor issues?

- 50
- 52
- 54
- **56 P-35 (Lecture # 11 Slide # 6)**

Which of the following is an expressed form of YIPS?

- **Youth Investment Promotion Scheme P-7**
- Youth International Project Scheme
- Youth Information Platform Sector
- Youth Inclusive Program System

According to research conducted in MIT Harvard University, USA, following are the main objectives for a technology entrepreneur EXCEPT:

- Creating something novel and useful

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- **Credibility P-10**
- Building long-term value
- Freedom

SME Stands for _____.

- Self-Managed Entrepreneur
- Small Manageable Enterprise
- **Small and Medium Enterprise – P 26 & www.smeda.org.pk**
- Self-Manageable Enterprise

All of the following are the components managed under "Operational Expenditure" heading during the preparation of Financial Requirement Statement EXCEPT:

- Material
- Rent, Interest
- Insurance, Taxes
- **Patents P-50**

The acronym UNDP stands for:

- United Nation Diagnostic Plan
- **United Nation Development Program P-38**
- United Nation Dynamic Profile
- United Nation Democratic Proposal

What kind of an entrepreneur will he/she be, IF he/she follows the old traditions, avoids risk taking and responds to change only in situations where it becomes necessary to do so?

- Innovative
- Imitating
- **Fabian P-13**
- Drone

Which of the following international organization conducted a survey regarding the salient features of entrepreneurs of Pakistan?

- **World Bank P-8**
- World Trade Organization
- International Monetary Fund
- UNO

Which of the following statement is important for an entrepreneur, provides information about the sources from which cash has been generated and how it has been spent during a specific period of time?

- Income Statement
- Balance Sheet
- **Cash Flow Statement P-50**
- Owner's Equity Statement

If you divide the SME industry into wholesale, retail, manufacture and service sectors, then the definition of SME will be based on which of the following?

- Financial Basis
- **Classification Basis** Ref: general
- Man Power Basis
- Asset Basis

What is the average mean age of entrepreneur of Korea according to a survey conducted by World Bank?

- 40 Years
- 44 Years
- 48 Years
- **None of the given options P-15 (46 years)**

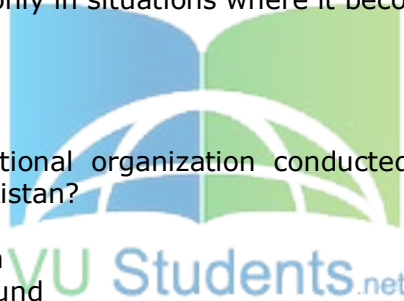
Which of the following is our major long-term issue in the development of SMEs?

- **Education P-15**
- Taxation
- Finance
- Labor

What is the percentage of new investment is generated by small and medium enterprises came from retained earning?

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- 40%
- 49%
- **57% P-36 Lecture # 11 slide # 20**
- 63%

Which of the following term is used for the head of board of directors of Punjab Small Industries Corporation (PSIC)?

- **CEO of PSIC** <http://www.psic.gop.pk/> M. D.
- Governor of Punjab
- Chief Minister of Punjab
- Minister of Planning and development, Punjab

The relationship between government and SME seems to be fundamentally flawed due to which of the following reason/s?

- Government under estimates potential of SME sector
- Policy makers have preference towards large-scale industry
- Implementation is not a continuous process
- **All of the given options P-33**

During which year Punjab Small Industries Corporation (PSIC) was established?

- 1970
- **1972 P-22**
- 1974
- 1976

Which of the following can be expressed as PITAC?

- **Pakistan Industrial Technical Assistance Center P-39**
- Pakistan Industrial Technological Aid Council
- Pakistan Industrial Training Aid Commission
- Pakistan Industrial Teaching Association Council

Following are the financial institutions developed to promote SME in Pakistan EXCEPT:

- **Segmented Business Fund Corporation (SBFC) P-24**
- Youth Investment Promotion Scheme (YIPS)
- Regional Development Finance Corporation (RDFC)
- Industrial Development Bank of Pakistan (IDBP)

Which of the following is the MOST important parameter to declare a business as a small business?

- **Number of workers P-5 Lecture # 2 slide # 9**
- Share in the economy
- Business turnover
- Total assets

What was the mean age of an enterprise in Pakistan if the mean age of an entrepreneur is 42 years, according to a survey conducted by World Bank?

- 14 Years
- 16 Years
- 18 Years
- **None of the given options P-15 (12 years)**

In which year World Bank had conducted a survey in Pakistan about SMEs.

- 2000
- **2001 P-29**
- 2002
- 2003

Which of the following is true about today's global economy?

- **Knowledge Based Economy P-38 Lecture # 12 slide # 6**
- Industrial Based Economy
- Economy of Socialism
- Capital Economy

What is the debt equity ratio for loan up to Rs. 7.5 Lac in Punjab Small Industries Corporation (PSIC)? (As per survey 2001)

- 80:20
- **70:30 P-22**

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- 60:40
- 50:50

How the large and small sectors are interlinked?

- By fostering changes
- **By subcontracting P-5**
- By sharing risk
- By serving the same market

Who introduced the first ever business laws to protect the customers from unscrupulous traders?

- **Hammurabi P-2** 4000 years ago
- Samsu-Iluna
- Shamshi Adad
- Sin-muballit

Following are the main internal factors for an entrepreneur described by Albert Shapiro in his psychological analysis EXCEPT:

- Vision
- Determination
- Decision making power
- **Fate??**

Following are the different functions an innovative entrepreneur performs EXCEPT:

- Launches new products
- Discovers new markets
- Establishes new methods of production
- **Duplicate the technology??**

Following are the factors that promoted the trend of development of SME in Pakistan during 1980s EXCEPT:

- High level financing
- Uneven profit distribution
- Technological revolution
- **Monopoly of resources - Correct**

Under what condition an entrepreneur enjoys extra time favor from bank or government to fulfill the requirements of the contract?

- **Force Majeure**
- Fraud
- Bankrupt
- None of the given options

Following are the basic reasons behind low tax base in Pakistan EXCEPT?

- **High cost of book keeping P-116**
- Harassment of tax authorities
- Non cooperative role of CBR
- High physiological cost

While making different strategies for socio-economic development, which of the following is at the top priority of Government of Pakistan?

- **Poverty Reduction Strategy Paper (PRSP) P-30**
- Micro Finance Sector Development Program
- Reform of Financial Sector
- Reforms in Tax Administration

Which of the following can be defined as: "The additional value of a commodity over the cost of commodities used to produce it from the previous stage of production"?

- **Value Added** internet definition as noun
- Value Imbedded
- Value Extracted
- Value Injected

In recent years, how much per worker productivity of Pakistani labor force has decreased as compared to China.

- 25%
- 30%
- **35% P-35 (Lecture # 11 Slide # 11)**
- 40%

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Which of the following is correct regarding per worker productivity?

- **Pakistan < India < China P-35 (Lecture # 11 Slide # 11)** Pakistan < 25% < 35%
- China < India < Pakistan
- Pakistan < China < India
- India < China < Pakistan

Which of the following is **NOT** a main hurdle for the up-gradation of technology, in Pakistan?

- Inadequate R&D facilities
- Lack of skills & experience
- Insufficient information on technological cooperation
- **Abundance of appropriate metrology and testing equipment's??**

Which of the following has biggest scope in term of capital and asset?

- Sole Proprietorship
- Partnership
- Private Limited Company
- **Public Limited Company SECP**

In "Financial Requirement Statement", you keep some amount in reserve as safeguard against possible losses. Under which of the following heading you will show this amount in the statement?

- **Contingency Fund** Wikipedia
- Miscellaneous Fund
- Adversity Fund
- Concealed Fund

The personal credentials that will be attached with loan application may include all of the following **EXCEPT**:

- Brochure of Business
- You're Profile
- **Family Information P-59** Lecture # 21 slide # 12
- Previous Lending History

In a bank loan application, your personal profile has a document called "CV". What does it stands for?

- **Curriculum Vitae P-59**
- Customer Verification
- Client Validity
- Computerized Valuation

Which of the following is defined as "A formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals"?

- **Business Plan P-61**
- Business Strategy
- Business Forecast
- Business Sketch

According to which country, an industry will be a small industry if the number of employees is less than 100?

- **USA P-3**
- Russia
- France
- Japan

According to Singapore, a business is said to be a small business, if capital involved is less than US \$ 85 million and number of employees are ____.

- **Less than 100 P-6**
- Less than 50
- Less than 200
- Less than 150

If you follow the old traditions, avoids risk taking and responds to change only in situations where it becomes necessary to do so, then what kind of an entrepreneur you will be?

- Innovative
- Imitating

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• **Fabian P-13**

- Drone

In which year, Sindh Small Industries Corporation (SSIC) was established?

- 1970
- **1972 P-23**
- 1974
- 1976

Which of the following is the key change in SMEDA after restructuring?

- **One Window Operations P-19**
- Lengthy Legal Documentations
- Unilingual Documents
- Conversion of Sectors into Industry

Which of the following is **NOT** the basic reason in the improvement of tax base?

- High tax rate
- High cost of book keeping
- High bargaining role of tax collector
- **High cost of consultancy P-116**

Which one of the following statements is **TRUE** about the HR institutions developed to train the workforce?

- **There is mismatch between the output of these institutions and need of the SME industry. P-38**
- These institutions are fully aware of the needs of the SME industry.
- The output of these institutions is fully capable to run the industry.
- There is equilibrium between the demand of SME industry and supply of these institutions.

If you are interested in protecting a title, slogan, or other short word phrase, generally you want which of the following?

- Trademarks
- Copyrights
- Patents
- **All of the given options P-106**

Following are the examples of intellectual property rights **EXCEPT**:

- Copyright
- Patent
- Trademark
- **Brand Image P-101**

Following are the activities related to cash outflow of a firm **EXCEPT**:

- **Depreciation P-52**
- Dividend
- Interest Payment
- Tax

A bank can reject your application for a short-term loan to meet your daily expenses. Which of the following may be the least important factor for rejection?

- Your negative cash flow
- Non -availability of adequate security
- You're shopping round activity
- **Less liquidity ability of an asset?**

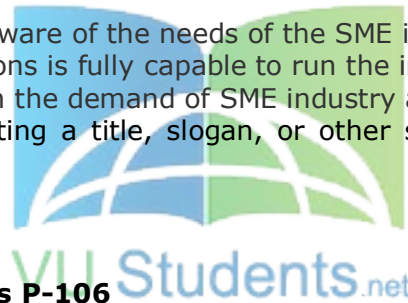
A bank raises some objection against your application for a short-term loan to pay the salaries of employees. Which of the following may be the most important factor for rejection?

- **You're shopping around activity P-58**
- Too much cautious attitude for risk sharing
- Mistrust on bank policy
- Shorter due date of payable against receivable

In the rental car industry, there is a practice in which automobile companies repurchase their cars at a set price after a negotiated period of time. This practice is an example of which of the following?

- **Buy Back Agreement - Leasing principals**
- Sell Back Agreement

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- Purchase Return Agreement
- Sell Return Agreement

The location of the business is especially important for what type of start-up businesses?

- Manufacturing
- Service
- Computer-based service
- **Retail P-54**

A key characteristic of a successful entrepreneur is:

- **Never hang failed P-10**
- Expert technical knowledge of the product
- Learning to fail intelligently
- Earning at least a 25% return for investors

The key ingredient-the crucial element-to avoiding the failure of a new business is:

- The business plan
- **Knowing the business P-48**
- Technical expertise regarding the product
- Differentiating the business and product from the competition

The key to effective financial management in a start-up is:

- Excellent controls
- The use of ABC accounting processes
- **Have sufficient start-up capital P-13**
- Have an adequate inventory on hand

Which of the following is true about avoiding business failure?

- You must understand financial statements
- You need to learn how to manage others
- You must differentiate your product from the competition
- **You must do all of these**

U.S. economic structure is moving:

- Away from agricultural to an industrial economy
- **Away from an industrial to a knowledge-based one - Correct**
- Back to agricultural economy
- Away from an agricultural to a knowledge-based one

A knowledge based business economy favors small business because:

- The cost of managing and transmitting knowledge is very low
- Small businesses are more successful
- Information technology is driving cost of managing and transmitting knowledge lower
- Both a & c - Correct**

Money driven and wild risk takers are both:

- Common characteristics of entrepreneurs
- Entrepreneur's techniques to success
- **Common misconceptions of entrepreneurs** Ref: Ch. # 5 post assessment quiz
- None of the given options - check

Small businesses are those that employ:

- More than 100 employees
- Fewer than 20 employees
- Fewer than 100 employees
- **Number doesn't matter P-3**

The most important change due to Expansion occurs in:

- **Organizational structure - Correct**
- Inventory and financial control procedures
- Managerial expertise
- Personnel assignments

In which year the restructuring of Small Business Finance Corporation (SBFC) was done?

- 1998
- **2000 P-24**
- 2001
- 2002

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Following are the main functions of Punjab Small Industries Corporation (PSIC) EXCEPT:

- **Technology transfer P-22**
- Vocational infrastructure
- Financial assistance
- Entrepreneurial Development

Technological obsolescence, low capacity utilization, non-availability of spares and poor machinery maintenance is the post-operative problems that can be emerged in which of the following areas?

- **Production P-55**
- Capital
- Customer
- Sale

Which of the following national institute had conducted a survey about the development of SME in Pakistan with the collaboration of United Nations Industrial Development Organization (UNIDO)?

- Lahore Chamber of Commerce
- SME Bank
- Ministry of Trade
- **SMEDA P-29**

How many years ago the first piece of writing about the small business was discovered?

- 3000 years
- 3500 years
- **4000 years P-2** Hammurabi
- 4500 years

Which of the following titles represents the United Kingdom model for the development and improvement of SME sector?

- Protect Small First
- **Think Small First P-32**
- Develop Small First
- Design Small First

According to a research conducted by SMEDA and UNIDO, what is the percentage of large firms that avails the facility of loan from banks and other financial institutions?

- 67%
- **80%**
- 75%
- 83%

Which one of the following is NOT used as parameters to declare a business as a small business?

- Share in the economy
- Resources control
- **Capacity of production P-5**
- All of the given options

What is the percentage of those entrepreneurs whose get formal college education, according to survey conducted by World Bank?

- 10%
- **30% P-15**
- 60%
- 80%

How many major changes an entrepreneur of a small business can bring in the industry?

- 3
- 4
- **5 P-13**
- 6

Which of the following topic/s has/have pivoted importance for short to medium term issues?

- Delivery of Assistance and Access to Resources
- Business Environment
- Monitoring Developments
- **All of the given options - Correct**

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What kind of business transaction was reported in the first written material available on small business?

- Purchase of land for business
- **Loan from bank for business**
- Purchase of machinery for business
- Purchase of machinery for business

Who is the secretary general of National Planning Committee (NPC) developed in 1938?

- **Mr. K. T. Shah P-2** 1940
- Mr. K.Y. Shah
- Mr. K.S. Shah
- Mr. K.K. Shah

Which of the following year was considered as starting period of industrialization in Pakistan?

- 1947
- 1950
- 1955
- **1960 P-19**

Which of the following is an external source of information for new product idea?

- Analysis of concepts in the light of existing problems
- Search of memories to find information related to the concept
- **Newspapers, trade journals, professional journals P-45** (Lecture 15 Slide # 5)
- Recombining the elements found in new and useful ways

What kind of management level training is required for SME a sector that is not provided by Pakistan institute of Management Sciences (PIMS)?

- Top Level Management
- Middle Level Management
- **Low Level Management**
- Corporate Level Management

According to Gallup survey 2001, which of the following factor is responsible for the decline of export in Pakistan?

- Infrastructure
- Law and order
- Taxation
- **Literacy**

UNIDO stands for:

- United Nation Industry and Development Organization
- Universal Network Industry and Development Opportunity
- **United Nations Industrial Development Organization**
- Universal Network Institute of Development Opportunity

What kind of resource utilized by small business as compare to large business?

- Primary Resources
- **Secondary Resources P-4**
- Macro Resources
- Surplus Resources

In technical feasibility, you can identify all of the following critical technical specifications EXCEPT:

- Durability
- Reliability of performance
- Safety
- **Sales volume and profitability P-48**

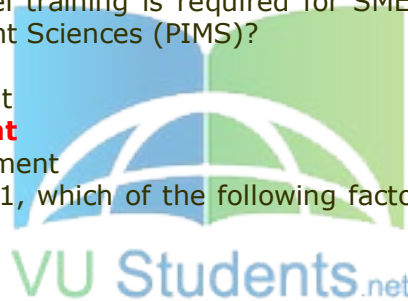
Which of the following can be abbreviated as ILO?

- International Labor Order
- Industrial Legal Order
- Industrial Labor Order
- **International Labor Organization - Wikipedia**

How many SMEs are the members of business associations?

- **50%**
- 52%
- 54%

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- 56%

IMF stands for:

- International Monetary Forecast
- International Monetary Finance
- **International Monetary Fund** – www.imf.org; Wikipedia
- International Monopoly Function

Which of the following enlists the 12 common barriers in the path of entrepreneurship?

- **Vesper P-14**

- Weber
- Wilson
- Vickie

Due to lack of experience, an entrepreneur may face all of the following post-operative problems EXCEPT:

- Unfamiliarity in product or services line
- Control over sales force
- Inappropriate marketing strategy

- **High production costs P-54-55**

According to Viet Nam a business is said to be a small business if capital involved is less than US \$ 0.4 million and number of employees are ____.

- Less than 10
- **Less than 50 P-6**
- Less than 150
- Less than 200

EPB stands for:

- Employee Promotion Bureau
- Export Producing Benefits
- Employee Pension Benefits
- **Export Promotion Bureau P-29**

Which of the following is Not financial institution developed to promote SME in Pakistan?

- **Small Business Fund Corporation (SBFC) P-24**
- Youth Investment Promotion Scheme (YIPS)
- Regional Development Finance Corporation (RDFC)
- Industrialized Development Bank of Pakistan (IDBP)

Government of Pakistan, according to which "a business with employment size up to 250, paid up capital up to 25 million and annual sales up to 250 million is said to be small and medium business" coins the latest definition. In which year this definition has coined:

- SME Policy 2002
- SME Policy 2004
- **SME Policy 2005** – Correct
- SME Policy 2007

Which of the following sector is most affected by poor electricity infrastructure and is not able to sustain?

- **Micro Sector** – Correct
- Small Sector
- Medium Sector
- Large Sector

When National Planning Committee (NPC) was developed?

- 1935
- 1936
- 1937
- **1938 P-2** (Mr. K. T. Shah was its 1st G. Secretary)

The rate of interest charged for soft loan is at _____.

- **Below market rate P-8**
- Above market rate
- Twice the market rate
- Zero present rate

Which of the following term is defined as: "The initial equity capital used to start a new venture or business"

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- **Venture Capital** – Correct
- Seed Money
- Seed Capital
- All of the given options

Which model of SME was replicated in 1988?

- Indian Model of Economic Development
- USA Model of Economic Development
- Japanese Model of Economic Development
- **Ayubian Model of Economic Development P-19**

With which of the following ministries SMEDA is directly attached?

- Ministry of Commerce
- Ministry of Economic Affairs & Statistics
- **Ministry of Industry and Production P-28 (Lecture # 2 Slide # 18)**
- Ministry of Planning & Development P-30

Which of the following is the expressed form of PCSIR?

- Pakistan Centre of Systematic and Institutional Research
- **Pakistan Council for Scientific and Industrial Research P-39**
- Pakistan Commission for Skill and Instructional Record
- Pakistan Core Scientific Information Resources

How many industrial estates were developed by Punjab Small Industries Corporation (PSIC)? (As per survey 2001)

- 10
- **14 P-22**
- 18
- 22

In which city the head office of Regional Development Finance Corporation (RDFC) is located?

- **Islamabad P-24**
- Lahore
- Karachi
- Sialkot



Which one of the following is the expressed form of BOI?

- **Board of Investment P-29**
- Board of Investigation
- Broad Opportunity of Investment
- Bureau of Inquiry

To which category SME belongs if the number of employees is not more than 50, total assets up to 50 million and sales not exceeding Rs. 300 million.

- **Manufacturing– Correct SME Policy 2005**
- Trading/Services
- Industry
- Exporting

What kind of link is occurred between small and medium business sectors if some of all the material is procured by the small unit who manufactures a specific part needed by large company?

- Merchandising
- **Purchase sub-contracting P-5**
- Complementary products
- Job sub-contracting

What type of industry it will be if number of employees ranges from 36 to 99 and productive assets ranges from 20 to 40 million?

- Micro
- Small
- **Medium – SME Policy 2005**
- Macro

The mental ability of a successful entrepreneur consists of all of the following EXCEPT:

- Intelligence
- Creative Thinking

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- Analytical Ability
- **Emotional Stability P-12** Ref: Ch. # 4 pre assessment quiz

The emergent entrepreneur of new century is eager to lead business world, despite he is energetic, risk bearer and have inclination towards achievement but he must be a gambler.

- True
- **False** Ref: Ch. # 4 pre assessment quiz

Which of the following is NOT a distinctive quality of a successful entrepreneur?

- Exhibit Mental Ability (Intelligence, Creative Thinking and Analytical Ability)
- Have Technical Knowledge (Analysis and interpretation of financial records)

- **Risk Taker like Gambler (Go for profit, put everything in business)** Ref: Ch. # 4 pre assessment quiz

- Demonstrate Human Relationships (Emotional stability, sociability, tactfulness, empathy)

For an entrepreneur money is cavalier, i.e. money is not a principal obsession and he values money but not for itself but for as a measure of his accomplishment.

- **True P-12** Ref: Ch. # 4 pre assessment quiz
- False

You are studying SME Management as a course because entrepreneurial education:

- Has become extremely popular
- Universities are not able to meet the demand
- More courses are being offered in entrepreneurship
- **All of the Given Options** Ref: Ch. # 4 post assessment quiz

Entrepreneurs seem to be characterized by:

- A desire for money
- An inability to organize but strong conceptual skills
- A desire to work alone because of weak management skills and a need for control
- **A high energy level** Ref: Ch. # 4 post assessment quiz

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The owners of small businesses start their business because they believe that:

- **They work harder on their own than if they worked for someone else** Ref: Ch. # 4 post assessment quiz
- They earn less than if they worked for someone else
- They are less satisfied than if they worked for someone else
- They have high inclination towards power and autonomy

More businesses are started by individuals between ____ than at any other age.

- Under 25
- 25-34
- **35-44** Ref: Ch. # 4 post assessment quiz
- 45-54

Family businesses face which of the following as a major threat?

- Having Kids
- Unbalance Social Life
- **Management Succession** Ref: Ch. # 4 post assessment quiz
- There is no such Threat

Two characteristics common to entrepreneurs are creativity and an eye for opportunity.

- **True** Ref: Ch. # 5 pre assessment quiz
- False

Forces driving the entrepreneurial trend in our economy include which of the following?

- Technological advancement
- Shift to a service economy
- World Wide Web
- **All of the given options** Ref: Ch. # 5 pre assessment quiz

People who once saw launching a business risky now see it as an ideal way to create their own job security.

- **True** Ref: Ch. # 5 pre assessment quiz

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- False

Which of the following is NOT a common characteristic of entrepreneurs?

- Desire for responsibility
- **Business plan expertise** Ref: Ch. # 5 pre assessment quiz
- Preference for moderate risk
- High energy level

In start-ups, it is often safest to be a "me-too" business, follow the leaders in the market until sufficient cash flow develops to permit R & D into new and innovative products.

- True
- **False** Ref: Ch. # 5 pre assessment quiz

Small businesses create more jobs than either medium or large businesses.

- **True** Ref: Ch. # 5 post assessment quiz
- False

Small businesses thrive in every industry, but the majority of them are in which of the following?

- General Construction Industry
- **Retail Businesses** Ref: Ch. # 5 post assessment quiz
- Manufacturing
- Service Industries

In most of the cases, the primary cause of business failure is related to which of the following?

- Improper managerial attitude
- Poor financial controls
- **Incompetent management** Ref: Ch. # 5 post assessment quiz
- Location

The personal objectives of small business owners tend to be _____, as opposed to those of managers of large firms, who tend to be _____.

- Prestige oriented; independence oriented
- **Achievement oriented; prestige oriented** Ref: Ch. # 6 pre assessment quiz
- Power oriented; prestige oriented
- Prestige oriented; achievement oriented

Which of the following is NOT a common barrier in the path of entrepreneurship?

- Not Have of Viable Concept
- Little of Market Knowledge
- **Efficient in Technical Skills** Ref: Ch. # 6 pre assessment quiz
- Lacking Seed Capital

Entrepreneurship has a role in increasing productivity and the key to increase productivity include all of the following EXCEPT:

- Research and Development
- Investment in Plant and Machinery and Human Resources
- **Imitation Ability to Utilize and Allocation of Resource** Ref: Ch. # 6 pre assessment quiz
- Realization of Internal and External Economies of Scale

A small business stays in touch with its customers, suppliers, and community better than a large business does:

- **True** Ref: Ch. # 6 pre assessment quiz
- False

The inconsistency in the formation of SMEs policy is mainly caused by which of the following factor?

- Poor Performance of SME Sector
- Central Role of Landlord in Policy Making
- **Changing Priorities of Government due to Political Instability** Ref: Ch. # 6 post assessment quiz
- There is effort is made to develop a SME Policy

In Pakistan, due to least involvement of SME sector, which of the following trends was emerged in early 70s?

- Emergence of Large-Scale Units Only
- Convergence of Wealth in Few Hands

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- Supply of Large Loans only by Banking Sector
- **All of the Given Options** Ref: Ch. # 6 post assessment quiz

Lack of experience is the number one cause of small business failures.

- True
- **False** Ref: Ch. # 6 post assessment quiz

Which of the following factors encourage the development of SME sector EXCEPT:

- Low Level of Financing
- Employment Generation
- Vendor Based Development
- **Shaky Confidence of Businessmen** Ref: Ch. # 6 post assessment quiz

Energetic aptitude is the prime psychological derive that motivates the entrepreneur towards accomplishment and achieving a goal that possesses reasonable challenge to an individual's competence.

- True
- **False** Ref: Ch. # 4 pre assessment quiz

In today's economy, entrepreneurs are seen as heroes.

- **True** Ref: Ch. # 5 post assessment quiz
- False

Small business owners tend to be power and prestige oriented.

- **True** Ref: Ch. # 6 pre assessment quiz
- False

Which of the following factor contributes positively in the development of SME sector?

- Entrepreneurial Development
- Vendor Based Development
- Just Distribution of Resources and Profits
- **All of the Given Options** Ref: Ch. # 7 pre assessment quiz

The IMF conditions and poor recovery rate of huge borrowings played a major role in creating a negative point for the progress curve in Pakistan.

- **True** Ref: Ch. # 7 pre assessment quiz
- False

The pre-requisites for the development of SME sector rest heavily on which of the following?

- Infrastructure to fulfill the needs of SME sector
- A banking system customized for SME development
- One window operation
- **All of the Given Options** Ref: Ch. # 7 pre assessment quiz

One hallmark of true entrepreneurs is their ability to adapt to the changing demands of their customers and businesses.

- **True** Ref: Ch. # 7 pre assessment quiz
- False

Which of these represent a small business characteristic?

- **Focus is on efficiency** Ref: Ch. # 7 pre assessment quiz
- Preferred funding source is other people's money
- Approach to human resource is to professionalize
- Delegation is essential

Studies indicate that the opportunity to make a difference is a significant benefit in the eyes of most entrepreneurs.

- **True** Ref: Ch. # 7 post assessment quiz
- False

The institution "Directorate of Industries" established in 1976, is currently working in which of the province of Pakistan?

- Punjab
- Sindh
- KPK
- **Baluchistan P-23** Ref: Ch. # 7 post assessment quiz

In 1972, for the development of SME sector, government of Pakistan established provincial departments. In which province/s these departments was/were established?

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- In Punjab only
- In Punjab and Sindh only
- **In Punjab, Sindh and NWFP P-22-23** Ref: Ch. # 7 post assessment quiz
- In all Provinces

In order to meet the financial requirements of SME sector, Small Business Finance Corporation (SBFC) was established but this institution failed to deliver because of which of the following reasons?

- Weak Internal Control System
- **Poor Work Ethics P-24** Ref: Ch. # 7 post assessment quiz
- Highly Ineffective and Poor Human Resources
- All of the given Options

In year 2000, after restructuring of Small Business

Finance Corporation (SBFC), how many branches were reduced to increase the efficiency level?

- 23
- **33 P-24** Ref: Ch. # 7 post assessment quiz
- 43
- 53

The implementation of a creative idea or opportunity leading to profitable, effective outcomes refers to which of the following?

- **Innovation** Ref: Ch. # 9 pre assessment quiz
- Technology Transfer
- Entrepreneurial Alertness
- Opportunity Recognition

Which of the following NGO types has broad functions to influence public interest?

- Association Type Organizations
- Support Organizations
- **Community Organizations** Ref: Ch. # 9 pre assessment quiz
- Technical intervention NGOs

One of the main objectives of SMEDA is policy formulation to encourage the growth of SMEs in the country and to advise the Government on fiscal and monetary issues related to SMEs.

- **True** Ref: Ch. # 9 pre assessment quiz
- False

Which of the following is true about "Golden Handshakes"?

- It can be sweeteners for mandatory retirement
- It is a form of Employee Benefits
- Is almost used like a punishment
- **Statements are correct within certain context** Ref: Ch. # 9 pre assessment quiz

The activities like conducting sector studies, developing feasibility reports and doing analysis for SMEs' development, are beyond the scope of working of SMEDA.

- True
- **False** Ref: Ch. # 9 pre assessment quiz

The policy issues regarding SME development emerged because the policy makers have more inclination towards:

- Their own personal gains
- **Large Scale Businesses** Ref: Ch. # 9 post assessment quiz
- Trade Liberalization
- Political Bribery

Which of the following institutions is NOT facilitating directly the business activity of SME sector in Pakistan?

- A Board of Investment (BOI)
- Export Promotion Bureau (EPB)
- Federal Board of Revenue (FBR)
- **Karachi Stock Exchange (KSE)** Ref: Ch. # 9 post assessment quiz

For development of SME sector, market driven support programs are important to attain substantiality, maximize the potential for cooperation with the private sector, and minimize the distortions in the economy.

- **True** Ref: Ch. # 9 post assessment quiz

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- False

Under the SME Sector Development Program, it is expected that SMEDA execute following activities EXCEPT:

- Prepare Government documents on policy regarding SME
- Develop drafts relevant for laws and regulations
- Create coordination among different departments of Government
- **Develop programs to attract foreign investment for SME P-31** Ref: Ch. # 9 post assessment quiz

Stability and consistency in the policy making are necessary conditions for achieving and sustaining high levels of economic development of SME sector.

- **True** Ref: Ch. # 9 post assessment quiz
- False

Why a division is made for different businesses?

- **Due to Amount of Business Activity**
- Due to Volume of Capital Involved
- Plan to sublease your premises and relocate to larger quarters
- Provide for this contingency in your lease

In early definitions of SMEs, which of the following factors has prior importance?

- A Level of Capital
- **Number of Employees P-5 Lecture # 2 Slide # 5**
- Capacity of Production
- Annual Revenues

According to Committee on Economic Development, to declare a business as 'small', how many minimum numbers of parameters should be considered?

- **Two P-3**
- Three
- All parameters given by committee
- There is no such restriction

In most of SMEs, the style of management is:

- **Least Centralized** Lecture # 3 post assessment quiz
- Highly Decentralized
- Highly Centralized
- Not a important matter

According to latest definition, a business is said to be large if number of employees are

- More than 9
- **More than 49**
- More than 79
- More than 99

Every country has adopted a standard definition of SME, despite the regional differences.

- True
- **False** http://vulms.vu.edu.pk/Courses/MGT601/Lessons/Lesson_2/preLesson2.html

The letter 'E', in 'SME' stands for which of the following?

- **Enterprise** Chapter # 2 Quiz
- Entrepreneur
- Entrepreneurship
- Entrepreneurship

Each country especially Pakistan, has revised the definition of SMEs after certain interval of time because of which following reasons?

- Fluctuating Performance of SME Sector
- Change in priorities of Government
- **Lack of understanding about importance of SME sector** Chapter # 2 Quiz
- Lack of consensus among different institutions linked with SME sector

Small business does well in developing markets as it can easily absorb the changes in the business world.

- **True** Ref: Chapter # 2 quiz pre assessment quiz
- False

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In most of the countries, there is no difference between 'cottage industry' and 'micro industry'.

- True
- **False** Ref: Chapter # 2 quiz pre assessment quiz

If large business provides materials and components to small business that process the same into finished goods, then this is called:

- **Job Sub-Contracting** Ref: Chapter # 2 quiz post assessment quiz
- Purchase Sub- Contracting
- Franchised sub-Contracting
- Trade Sub-Contracting

If a product is manufactured by small company purchased by a big unit as an accessory like plastic dust covers for video recorders, electronic passive components or packaging than this relationship between large business and small business is called complimentary business.

- **True** Ref: Chapter # 2 quiz post assessment quiz
- False

In job sub-contracting, small business procures material and then manufactures a specific part or component needed by a particular large unit.

- True
- **False** Ref: Chapter # 2 quiz post assessment quiz

In Pakistan, each province has adopted how many parameters to coin the proper definition of SMEs?

- Two
- **Three** Ref: Chapter # 2 quiz post assessment quiz
- Four
- It varies from each province

In Pakistan, the business is divided in how many levels?

- 3 Levels (Small, Medium, Large)
- **4 Levels (Micro, Small, Medium, Large) P-28** Chapter # 2 quiz post assessment quiz
- 5 Levels (Cottage, Micro, Small, Medium, Large)
- There is no such division

Which one of the following institutions has introduced the definition of 'micro business' for the first time in Pakistan?

- **State Bank of Pakistan P-7** Ref: Ch. # 3 quiz pre assessment quiz
- SMEDA
- Ministry of Commerce
- Chamber of Commerce and Industry

Which of the following is true to transfer a business from micro level to medium level?

- When the number of employees increases but productive assets limit unchanged
- When the number of employees remains same but productive assets limit increases
- **When both; the number of employees and productive assets' limit increases** Ch. # 3 quiz pre assessment quiz
- There is no such division of micro-level and medium level

The economic power of both small business and large business is different because the small business is in no position to influence its immediate economic involvement but big business does.

- **True** Ch. # 3 quiz pre assessment quiz
- False

Small businesses are unable to survive well in a bad business conditions due to having slow and inflexible capability of bringing changes in cost and labor.

- True
- **False** Ch. # 3 quiz pre assessment quiz

Which of the following countries deduce the definitions of SMEs for the legal purposes only and other deciding factors were kept as landmarks?

- **West Germany, Australia and Norway P-3** Ch. # 3 quiz pre assessment quiz
- India, China and Japan
- Denmark, Australia and USA
- There is not a single country that is following such criteria

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For a SME, receipts are the example of which type of following loan.

- **Short – Term Loan**
- Medium – Term Loan
- Long – Term Loan
- Unlimited Loan

In recent years, which of following country has highest per worker productivity?

- India
- Pakistan
- **China P-35 (Lecture # 11 Slide # 11)**
Pakistan < 25% < 35%
- All are at same Level

Following are the methods which can be used to find new ideas for a product EXCEPT:

- Novel Use of Known Products
- Ancillarisation
- Watching Trends in Fashions
- **Market Myopia P-46**

Which of the following is the expressed form of WEBCOP?

- **Workers Employers Bilateral Council of Pakistan P-35**
- Welfare of Employees Bilateral Convention of Pakistan
- Workers Employees Bilateral Committee of Pakistan
- Welfare Employers Bilateral Commission of Pakistan

A loan for a period of 5 years or less is said to be:

- Short – Term Loan
- **Medium – Term Loan - Correct**
- Long – Term Loan
- Unlimited Loan

Which of the following features can NOT be evaluated by cash flow statement?

Company's ability to generate positive cash flows

Company's ability to pay dividends

Company's amount required for depreciation

Company's need for external financing

In which year the restructuring of Small Business Finance Corporation (SBFC) was done?

- **1998**
- 2000
- 2001
- 2002

What was the mean age of an enterprise in Pakistan if the mean age of an entrepreneur is 42 years, according to a survey conducted by World Bank?

- 14 Years
- 16 Years
- 18 Years
- **None of the given option**

What is the average mean age of entrepreneur of Pakistan according to a survey conducted by World Bank?

- 40 Years
- 43 Years
- 45 Years
- **None of the given option**

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