Principles of Entrepreneurship

Entrepreneurship · Practice Test · 12 Questions

1. Which economist is credited with popularizing the concept of 'creative destruction' in the context of entrepreneurship?

A) Adam Smith
B) Joseph Schumpeter
C) John Maynard Keynes
D) Milton Friedman

2. According to the Global Entrepreneurship Monitor (GEM), what does the acronym 'TEA' stand for in entrepreneurial data?

A) Total Entrepreneurial Activity
B) Technical Enterprise Analysis
C) Target Economic Assessment
D) Trend Evaluation Audit

3. In business theory, what is the primary purpose of a 'Minimum Viable Product' (MVP)?

A) To maximize initial profit
B) To minimize tax liabilities
C) To collect maximum validated learning with least effort
D) To replace the need for market research

4. What concept describes the phenomenon where an entrepreneur's overconfidence leads to an underestimation of risks and competition?

A) The Halo Effect
B) The Illusion of Control
C) Confirmation Bias
D) The Sunk Cost Fallacy

5. Which phase of the 'Product Life Cycle' is typically associated with the highest level of entrepreneurial innovation?

A) Maturity
B) Decline
C) Introduction
D) Saturation

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6. What is the 'Lean Startup' methodology, popularized by Eric Ries, primarily rooted in?

A) Scientific management
B) Agile software development
C) Classical economic theory
D) Mercantilism

7. In corporate finance, what term refers to the funding provided by investors to startup companies with long-term growth potential?

A) Venture Capital
B) Micro-lending
C) Debt financing
D) Initial Public Offering

8. According to the theory of 'Effectuation' by Saras Sarasvathy, what do expert entrepreneurs prioritize over predictive models?

A) Market share analysis
B) Control over future outcomes
C) Long-term forecasting
D) External validation

9. What is the definition of 'Intrapreneurship'?

A) Starting a business with family members
B) Entrepreneurship within an existing organization
C) Investing in international markets
D) The act of closing a failing business

10. What does the 'J-Curve' represent in the context of venture capital and private equity?

A) The rise and fall of market prices
B) The typical pattern of investment returns over time
C) The growth of a customer base
D) The decline of debt over years

11. Which term describes the process of shifting a business model based on validated learning and feedback?

A) Liquidation
B) Pivoting
C) Merger
D) Divestiture

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12. What is the primary function of a 'Business Incubator'?

A) To acquire small businesses for a parent company
B) To provide resources and support to early-stage ventures
C) To regulate business trade practices
D) To provide government tax exemptions

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