**Entrepreneurship**

**And**

**Small Business Management**

**Homework 2**

**Chapter 4**

**Following are 20 questions: 16 multiple choice questions worth 4 points each and four open questions worth nine points each. For multiple choice questions, highlight the answer you think most correct.**

1) More women entering the workforce is an example of a(n) \_\_\_\_\_\_\_\_ change.   
A) economic   
B) demographic   
C) technological  
 D) sociocultural   
  
2) Generation Y and Generation Z are examples of \_\_\_\_\_\_\_\_ changes.   
A) economic   
B) demographic   
C) technological   
D) sociocultural

3) The enactment of the Affordable Health Care Act in 2010 is an example of a(n) \_\_\_\_\_\_\_\_ change. A) economic   
B) demographic   
C) technological  
 D) political and legal

4) Porter's five forces model assesses industry attractiveness by surveying these five factors \_\_\_\_\_\_\_\_.   
A) potential entrants, suppliers, buyers, substitutes, and rivalry among existing firms   
B) potential entrants, suppliers, buyers, similar products, and rivalry among existing firms   
C) potential entrants, suppliers, raw materials, substitutes, and rivalry among existing firms   
D) potential entrants, competitors, buyers, substitutes, and rivalry among existing firms

5) The strongest of the five forces in most industries is \_\_\_\_\_\_\_\_.   
A) rivalry among companies competing in the industry   
B) bargaining power of buyers   
C) threat of new entrants to the industry   
D) threat of substitute products or services

6) Low capital requirements, cost advantages that are not related to company size, and the lack of brand loyalty are considerations regarding the \_\_\_\_\_\_\_\_.   
A) threat of new entrants to the industry   
B) threat of substitute products   
C) bargaining power of buyers   
D) rivalry among companies competing in the industry

7) Products or services that may be sought as alternative solutions (e.g., purchasing tax planning software rather than paying a CPA to assist with preparing your taxes) are referred to as \_\_\_\_\_\_\_\_. A) buyers products   
B) rivalry products   
C) substitute products   
D) competitive alternatives   
  
8) Generally, an industry is more attractive when \_\_\_\_\_\_\_\_.   
A) the number of competitors is large   
B) competitors are similar in size   
C) the industry is growing at a fast pace   
D) the opportunity to sell a differentiated product or service is present   
  
9) The \_\_\_\_\_\_\_\_ the leverage suppliers of key raw materials or components have, the \_\_\_\_\_\_\_\_ attractive is the industry.   
A) greater; more   
B) more; more   
C) greater; less   
D) less; less   
  
10) For Under Armour, its top 10 suppliers manufacture less than half of its products. To Under Armour, supplier power is likely to be \_\_\_\_\_\_\_\_.   
A) high   
B) moderate   
C) significant   
D) low

11) When bargaining power of buyers is \_\_\_\_\_\_\_\_, the industry is \_\_\_\_\_\_\_\_ attractive.   
A) moderate; less   
B) low; more   
C) high; more   
D) low; less

12) Economies of scale relate to which of Porter's 5-forces?   
A) Bargaining power of buyers   
B) Threat of new entrants   
C) Bargaining power of suppliers   
D) Threat of substitutes

13) Which of the following is not a barrier to entry?   
A) Capital requirements   
B) Large number of buyers   
C) Specialized knowledge   
D) Access to distribution channels

14) Capital required to compete in an industry determines \_\_\_\_\_\_\_\_.   
A) bargaining power of buyers   
B) bargaining power of suppliers   
C) threat of substitutes   
D) threat of new entrants

15) The primary purpose of the five forces matrix is to \_\_\_\_\_\_\_\_.   
A) assign values to each of the five elements   
B) provide a graphic   
C) list the five forces in rank order   
D) assess the five forces as compared to a standard value

16) Printed newspapers have seen their readership rates decline as new generations of potential readers turn to their iPads and smartphones for sources of news. This is an example of \_\_\_\_\_\_\_\_.   
A) threat of substitutes   
B) bargaining power of buyers   
C) bargaining power of suppliers   
D) rivalry among existing firms

**Open Questions:**

1) What are sociocultural changes and why are they important?

2) How does a company such as Under Armour control the bargaining power of its suppliers?

3) Explain the concept of a value proposition as per the Business Model Canvas.

4) How does primary research differ from secondary research?