

Paper 1 Quiz 10**Name:** _____ **Class:** _____

1. Which of the following statements about small and medium enterprises (SMEs) in Hong Kong are correct?

- (1) The majority of businesses in Hong Kong are SMEs.
 - (2) The forms of business ownership of SMEs are either sole proprietorship or partnership.
 - (3) SMEs are usually managed by their owners.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

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2. Which of the following statements about small and medium enterprises (SMEs) in Hong Kong are correct?

- (1) An SME employs fewer than 50 persons.
 - (2) SMEs contribute a majority of employment opportunities in Hong Kong
 - (3) SMEs often provide products and services that complement large companies.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

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3. Which of the following are the roles of small and medium enterprises in Hong Kong's economy?

- (1) create employment
 - (2) widen the variety of products offered
 - (3) promote competition
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

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Horace worked in an information technology firm for a number of years. Last year, he resigned and set up his own business providing computer repair services. His service is highly appreciated by customers but some of them comment that Horace often uses technical jargon, which they find hard to understand.

4. Which of the following are the entrepreneurial characteristics demonstrated by Horace?

- (1) seek new opportunities
 - (2) desire for independence
 - (3) receptive to innovative ideas
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

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5. Which of the following statement(s) about entrepreneurs is(are) correct?

- (1) Entrepreneurs prefer to take high risks.
 - (2) Entrepreneurs are quick at identifying the sources of finance.
 - (3) Entrepreneurs accept failures as an integral part of business success.
- A. (1) only
B. (2) only
C. (3) only
D. (1), (2) and (3)

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6. Which of the following statements regarding SMEs in Hong Kong are correct?
- (1) SMEs widen the variety of products offered.
 - (2) SMEs provide jobs for Hong Kong people.
 - (3) SMEs bring in overseas capital and talent for large companies.
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)
7. Which of the following shows the importance of small and medium enterprises to Hong Kong's economy?
- (1) Providing job opportunities
 - (2) Promoting the diversification of the economy
 - (3) Widening the variety of products offered
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)
8. Which of the following characteristics is likely be found in an industry dominated by SMEs in Hong Kong?
- A. Technology-based
B. Little capital required
C. Service-based
D. Labour intensive
9. Which of the following statements about small and medium enterprises (SMEs) in Hong Kong is/are correct?
- (1) SMEs will not cooperate with large companies as they see them as competitors.
 - (2) SMEs often focus on narrow markets which are not attractive to large companies.
 - (3) SMEs enjoy a lower tax rate than large companies.
- A. (2) only
B. (3) only
C. (1) and (3) only
D. (1), (2) and (3)
10. Large companies are more likely to have communication problems because
- A. they have a complex organisational structure.
B. they employ unity of command.
C. delegation is common in large companies.
D. they make plans in a formal and systematic way.
11. All entrepreneurs
- A. earn profits by taking business risks.
B. start their businesses with their own capital.
C. enter the market with new products.
D. hire professional managers to run their business.
12. Which of the following concerning the importance of entrepreneurship to business development is correct?
- A. Entrepreneurship brings more products and services, which are lower in price and better in quality.
B. Entrepreneurship leads to innovation in products and services which can better satisfy customers' needs.
C. Entrepreneurship generates economic growth as entrepreneurs organise production and enhance production efficiency.
D. All of the above

13. Which statement concerning SMEs is incorrect?
- A. SMEs often focus on narrow markets which large companies are not interested in.
 - B. SMEs support large companies and this can reduce the workload of large companies.
 - C. SMEs are willing to take risks to introduce new products as they want to attract customers.
 - D. SMEs can only make limited contributions to the economy of Hong Kong due to their size.
14. In Hong Kong, an SME in the manufacturing sector employs
- A. fewer than 20 persons
 - B. fewer than 50 persons
 - C. fewer than 70 persons
 - D. fewer than 100 persons
15. SMEs are more flexible than large businesses because
- A. they are small in size.
 - B. they can make decisions much faster.
 - C. they have more resources.
 - D. they hire professional managers.
16. In general, SMEs have the following disadvantage(s) when competing with large companies:
- (1) Higher purchasing cost
 - (2) Insufficient capital funds
 - (3) Unable to carry out large-scale promotion
- A. (2) only
 - B. (1) and (2) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
17. Which of the following about large businesses and small businesses is/are INCORRECT?
- (i) The organizational structure of large businesses is more complex than that of small businesses.
 - (ii) The management of large businesses is more flexible than that of small businesses.
 - (iii) The superior-subordinate relationship is closer in large businesses.
 - (iv) The degree of departmentalization in large businesses is higher than that in small businesses.
- A. (i) only
 - B. (i) and (ii) only
 - C. (i) and (iv) only
 - D. (ii) and (iii) only
18. How do SMEs support large companies?
- (1) They perform non-core tasks for large companies.
 - (2) They provide large companies with raw materials for production.
 - (3) Small retailers help large companies distribute products.
 - (4) They purchase the shares of large companies.
- A. (1) only
 - B. (2) and (3) only
 - C. (1), (2) and (3) only
 - D. (1), (2), (3) and (4)

19. Compared to large businesses, SMEs are more willing to introduce new products because

- (1) new products can help differentiate their companies from their competitors.
- (2) new products can create an entirely new market.
- (3) direct competition with large companies can be avoided.

- A. (3) only
- B. (1) and (2) only
- C. (2) and (3) only
- D. (1), (2) and (3)

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20. Which of the following is not a contribution of entrepreneurship to the economy?

- A. Entrepreneurs organise production and enhance the efficiency of using resources.
- B. Entrepreneurs introduce innovative products to the market.
- C. Entrepreneurship promotes market competition.
- D. Entrepreneurship helps governments raise tax revenues.

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21. In spite of the high risk of a loss, Mr To opened a small salon that provides hair-dressing services for pets. Such services are rare in the market. Mr To is an entrepreneur because

- (1) he is willing to take risks.
- (2) he provides innovative services.
- (3) he serves a small market.

- A. (1) only
- B. (1) and (2) only
- C. (2) and (3) only
- D. (1), (2) and (3)

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