

Name:

Date:

Class-section:

BA130 Module Test 2 (Chapters 5 & 6)

Please give the correct answer.

1. List the three basic forms of business ownership.
 - Sole Proprietorship
 - Partnership
 - Corporation
2. Why do people incorporate?
 - There is limited liability, ability to raise more money for investment, size, perpetual life, ease of ownership change, ease of attracting talented employees, and separation of ownership from management.
3. What is a franchise? Give me an example of a franchise.
 - An arrangement whereby someone with a good idea for a business (franchisor) sells rights to use the business name and sell a product or service (franchise) to others (franchisees) in a given territory. An example of a franchise is McDonald's.
4. What is a cooperative?
 - Businesses owned and controlled by the people who use them - producers, consumers, or workers with similar needs who pool their resources for mutual gain.
5. Give 4 reasons why people start their own businesses.
 - You don't have a mortgage or kids to take care of.
 - You can survive on little funds and work long hours.
 - No disruption to your career path. It hasn't started yet!
 - Use your alma mater for resources.
6. List the attributes of successful entrepreneurs.
 - Self-directed
 - Self-nurturing
 - Action-oriented
 - Highly energetic
 - Tolerant of uncertainty
7. What is a micropreneur?
 - Entrepreneurs willing to accept the risk of starting and managing a business that remains small, lets them do the work they want to do, and offers a balanced lifestyle.
8. What is an intrapreneur?
 - A creative person who works as an entrepreneur within a corporation.

9. Why are small businesses important to the U.S. economy?

- Small businesses have generated 65% of new jobs since 1995.

10. What hints would you give someone who wants to learn about starting a small business?

- Learn from Others
- Get Some Experience
- Take Over a Successful Firm