

CHAPTER 2

THE ENTREPRENEUR

TRUE/FALSE

2.1 Experts agree on the definition of *entrepreneur*.

Answer: F

2.2 The earliest reference to the term of entrepreneurship was in the early 1900s.

Answer: F

2.3 The earliest references to the term “entrepreneurship” were developed by management experts.

Answer: F

2.4 Research on entrepreneurs in the later 1990s concerned the entrepreneur’s personality.

Answer: T

2.5 The process of “creative destruction” states that entrepreneurs are a force for change.

Answer: T

2.6 Recently, there has been a focus on defining the entrepreneur by entrepreneurial behavior and actions.

Answer: T

2.7 The entrepreneurial process is relatively rare in the United States.

Answer: F

2.8 The classic entrepreneur is one who starts a new business based on an existing concept.

Answer: F

2.9 The classic entrepreneur is one who develops a new product or idea and builds a business around the new concept.

Answer: T

- 2.10 The “Big 5” personality trait most associated with entrepreneurship is conscientiousness.

Answer: F

- 2.11 The four spheres of influence on entrepreneurs are the individual, the ethnocultural environment, the circumstances in society, and the entrepreneur’s ability to make money.

Answer: F

- 2.12 Experts disagree on whether entrepreneurship can be taught.

Answer: T

- 2.13 Many successful entrepreneurs succeeded only after they had failed several times.

Answer: T

- 2.14 An entrepreneur with an internal locus of control believes that success or failure depends on his/her own actions.

Answer: T

- 2.15 A person with an external locus of control would believe that outside factors (fate, the economy, etc.) determine one’s success.

Answer: T

- 2.16 Entrepreneurs usually take high risks.

Answer: F

- 2.17 Entrepreneurs have a high need for achievement.

Answer: F

- 2.18 Self-efficacy is a person’s belief in his or her capability to perform a task.

Answer: T

- 2.19 The concept of thought self-leadership states that people who think of themselves as leaders generally become one.

Answer: F

- 2.20 The concept of thought self-leadership states that people develop functional and dysfunctional habits in the ways they think.

Answer: T

- 2.21 According to thought self-leadership, the dysfunctional way of thinking is known as “obstacle thinking.”

Answer: T

- 2.22 According to thought self-leadership, opportunity thinking is likely to decrease a person’s self-efficacy.

Answer: F

- 2.23 The effects of culture and traits may be intertwined since different cultures have varying values and beliefs.

Answer: T

- 2.24 Culture affects the image or status of entrepreneurs.

Answer: T

- 2.25 If an immigrant becomes an entrepreneur because he or she is unable to find a job, this is an adaptive-response behavior.

Answer: T

- 2.26 Advantages of entrepreneurship include autonomy, the challenge of a start-up, and more control over personal finances.

Answer: T

- 2.27 Disadvantages of entrepreneurship include personal sacrifices, the burden of responsibility, and little margin for error.

Answer: T

- 2.28 Entrepreneurs often work long hours resulting in a strain on family relationships.

Answer: T

- 2.29 For many entrepreneurs the challenge of a start-up provides a significant feeling of achievement.

Answer: T

MULTIPLE CHOICE

- 2.30 Concerning the concept of entrepreneurship and the individual who is called an entrepreneur, there
- a. is substantial disagreement.
 - b. is no disagreement.
 - c. is unanimous agreement.
 - d. has been little discussion.

Answer: a

- 2.31 The earliest reference to the term entrepreneurship was in the
- a. 1700s.
 - b. 1800s.
 - c. 1900s.
 - d. 21st century.

Answer: a

- 2.32 Early definitions of entrepreneurs were developed by
- a. marketing experts.
 - b. management experts.
 - c. economists.
 - d. personnel managers.

Answer: c

- 2.33 The concept of “creative destruction” states that
- a. entrepreneurs are a force for change.
 - b. entrepreneurship has an uncertain financial return.
 - c. entrepreneurs must risk financial capital.
 - d. entrepreneurs have unique personality traits.

Answer: a

- 2.34 Entrepreneurship has been defined as a process activity that includes
- a. an opportunity.
 - b. an organizational context.
 - c. innovation.

d. all of the above.

Answer: d

- 2.35 Which of the following is false?
- a. The entrepreneurial process is common in the United States.
 - b. Entrepreneurial “flashes of genius” are rare.
 - c. Many entrepreneurs start a business while they are employed elsewhere.
 - d. The founders of Hewlett-Packard and Sony Corporation had well-defined product strategies before the companies began operations.

Answer: d

- 2.36 James Collins, the columnist for *Inc.* Magazine suggests that entrepreneurs consider the business the ultimate product. This may be advantageous because
- a. it reduces risk.
 - b. the business is more likely to survive if the first product-concept fails.
 - c. it reduces some of the ambiguity related to entrepreneurship.
 - d. it increases the entrepreneur’s willingness to take risks.

Answer: b

- 2.37 If entrepreneurship is considered a process activity, which of the following is not part of the process?
- a. An opportunity
 - b. Resources
 - c. an organizational context
 - d. All of the above

Answer: d

- 2.38 Entrepreneurial “flashes of genius” are
- a. the basis for most business start-ups.
 - b. rare.
 - c. the basis for most new products.
 - d. common in all entrepreneurs.

Answer: b

- 2.39 Sony Corporation and Hewlett-Packard are examples of companies that
- a. were started with a clear business purpose.
 - b. had a successful start but eventually failed.
 - c. started without a specific business purpose.
 - d. had no start-up risk.

Answer: c

- 2.40 Entrepreneurial activities include
- a. starting a new business based on a new concept.
 - b. starting a new business based on an existing concept.
 - c. buying an existing business.
 - d. all of the above.

Answer: d

- 2.41 If someone starts a convenience food store, this is an example of a(n)
- a. new concept/new business.
 - b. existing concept/new business.
 - c. existing concept/existing business.
 - d. new concept/existing business.

Answer: b

- 2.42 If someone buys a business and does not make any major changes this is an example of
- a. new concept/new business.
 - b. existing concept/new business.
 - c. existing concept/existing business.
 - d. new concept/existing business.

Answer: c

- 2.43 Which of the following is an influence in determining entrepreneurial behavior?
- a. Individual or self
 - b. Ethnocultural environment
 - c. Circumstances in society
 - d. All of the above

Answer: d

- 2.44 Which of the following is not an influence in determining entrepreneurial behavior?
- a. The individual or self.
 - b. The ethnocultural environment.
 - c. The entrepreneur's relationship with peers.
 - d. Circumstances in society.

Answer: c

- 2.45 Experts
- a. agree that anyone can be taught to be an entrepreneur.
 - b. believe that entrepreneurship can be taught only to someone who is under 20

- years of age.
- c. believe that entrepreneurship can be taught only to those who are over 20 years of age.
- d. disagree on whether entrepreneurship can be taught.

Answer: d

- 2.46 When vocational counselors help people decide on a career choice they may consider
- a. basic values and beliefs.
 - b. personality traits.
 - c. the person's self-concept.
 - d. all of the above.

Answer: d

- 2.47 The "Big 5" personality characteristic most associate with entrepreneurship is
- a. extraversion.
 - b. conscientiousness.
 - c. agreeableness.
 - d. openness.

Answer: d

- 2.48 The "Big 5" personality trait most associated with entrepreneurship is
- a. openness.
 - b. extraversion.
 - c. conscientiousness.
 - d. neuroticism.

Answer: a

- 2.49 Which of the following is not true concerning entrepreneurs and risk?
- a. They usually take high risks.
 - b. They define risks early in the start-up process.
 - c. They minimize risks to every extent possible.

They see risk differently than the general public.

Answer: a

- 2.50 If an entrepreneur has an internal locus of control this means that he/she
- a. minimizes risk.
 - b. feels comfortable in an unstructured situation.
 - c. believes that success or failure depends on his/her own actions.
 - d. sees changes as opportunities.

Answer: c

- 2.51 Which of the following is a common entrepreneurial trait?
- a. A passion for the business
 - b. Persistence despite failure
 - c. Self-confidence
 - d. All of the above

Answer: d

- 2.52 It is common for entrepreneurs to learn about an industry before starting a business. This is often done by
- a. reading trade magazines.
 - b. talking to friends.
 - c. going to training programs.
 - d. working for someone else.

Answer: d

- 2.53 People who believe that the economy determines one's success or failure have a(n)
- a. external locus of control.
 - b. money motivation.
 - c. tolerance for ambiguity.
 - d. achievement motive.

Answer: a

- 2.54 Entrepreneurs would best be described as risk
- a. seekers.
 - b. avoiders.
 - c. managers.
 - d. loving.

Answer: c

- 2.55 Walt Disney and Henry Ford are two examples of entrepreneurs who
- a. had a "flash of genius."
 - b. were financially motivated.
 - c. succeeded only after failing several times.
 - d. were poor managers of risk.

Answer: c

- 2.56 Entrepreneurs
- a. search for change.

- b. respond to change.
- c. exploit change as an opportunity.
- d. all of the above.

Answer: d

2.57 Most successful entrepreneurs have a tolerance for ambiguity. This means that they

- a. minimize risk.
- b. feel comfortable with uncertainty.
- c. believe that success or failure depends on his/her own actions.
- d. see changes as opportunities.

Answer: b

2.58 Entrepreneurs have a high need for

- a. achievement.
- b. making money.
- c. structure.
- d. taking risks.

Answer: a

2.59 If a person feels comfortable even in an uncertain situation the person has a tolerance for

- a. control.
- b. achievement.
- c. ambiguity.
- d. independence.

Answer: c

2.60 Entrepreneurs

- a. are self motivated.
- b. have a high need for achievement.
- c. are often perfectionists.
- d. all of the above.

Answer: d

2.61 Which of the following is a common entrepreneurial trait?

- a. Viewing changes as opportunities
- b. A tolerance for ambiguity
- c. A high need for achievement
- d. All of the above

Answer: d

- 2.62 Scanning the environment refers to the process of
- a. researching information about the business environment.
 - b. nurturing the entrepreneurial spirit.
 - c. studying entrepreneurship.
 - d. motivating oneself.

Answer:

- 2.63 Which is not true of entrepreneurs?
- a. Sense that time is passing quickly
 - b. Recognize opportunities that other people do not see
 - c. See the “big picture” when others see only the parts
 - d. Are primarily motivated by money

Answer: d

- 2.64 Which of the following has been identified as a reason for being self employed?
- a. To use personal skills and abilities
 - b. To gain control over one’s life
 - c. To build something for the family
 - d. All of the above

Answer: d

- 2.65 A person’s belief in his capability to perform a task is known as
- a. ethnocultural beliefs.
 - b. scanning the environment.
 - c. self-efficacy.
 - d. self-determination.

Answer: c

- 2.66 Thought self-leadership states that
- a. leaders must think of themselves as everyone’s peer.
 - b. you must learn to lead yourself before you lead others.
 - c. people develop habits in the ways they think.
 - d. a person cannot lead if others do not see him as a leader.

Answer: c

- 2.67 Opportunity thinking is considered a
- a. functional habit.
 - b. bad habit.
 - c. risky habit.

d. neurotic habit.

Answer: a

2.68 A dysfunctional way of thinking is

- a. obstacle thinking.
- b. opportunity thinking.
- c. optimistic thinking.
- d. positive thinking.

Answer: a

2.69 Thought patterns affect

- a. perceptions.
- b. the way a person processes information.
- c. choices a person makes.
- d. all of the above.

Answer: d

2.70 Which of the following is true?

- a. Members of some ethnocultural groups have a higher rate of business ownership than other groups.
- b. Individuals from different cultural groups do not all become entrepreneurs for the same reason.
- c. Studies have shown that different cultures have varying values and beliefs.
- d. All of the above.

Answer: d

2.71 A habit of “opportunity thinking” may make a person more likely to

- a. engage in risky behavior.
- b. pursue entrepreneurship.
- c. have less self-efficacy.
- d. focus on negative aspects of a problem.

Answer: b

2.72 Self-efficacy is a person’s belief in

- a. opportunities.
- b. the importance of perfectionism.
- c. his ability to perform a task.
- d. the importance of persistence.

Answer: c

- 2.73 Which of the following is considered an adaptive-response behavior?
- a. An immigrant becoming an entrepreneur because of a lack of language and job skills
 - b. An entrepreneur who had planned all his life to own a business
 - c. Someone who quits a good job to become an entrepreneur
 - d. All of the above

Answer: a

- 2.74 Advantages of entrepreneurship include
- a. autonomy.
 - b. the challenge of a start-up.
 - c. control over personal financial situation.
 - d. all of the above

Answer: d

- 2.75 Advantages of entrepreneurship include autonomy. This is the
- a. freedom and independence to make decisions.
 - b. need for achievement.
 - c. need to be a *jack of all trades*.
 - d. process of starting a business.

Answer: a

- 2.76 Small businesses often have little margin for error because
- a. the entrepreneur does not have the skills to turn the company around.
 - b. the companies often operate on a thin financial margin.
 - c. mistakes are a sign of poor management.
 - d. it decreases the entrepreneur's autonomy.

Answer: b