

Entrepreneurship, 11e (Hisrich)

Chapter 1 The Entrepreneurial Mind-Set

1) Entrepreneurial thinking is partly a mental process of recognizing a signal and then deciding if the signal represents an opportunity for someone.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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2) Entrepreneurial thinking partly is about reducing doubt as to whether an opportunity for someone is also an opportunity for them specifically, and/or processing feedback from action steps taken.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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3) Entrepreneurial opportunities are those situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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4) Entrepreneurial action can be defined as those situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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5) The McMullen-Shepherd Model helps identify the common traits of successful entrepreneurs.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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6) The McMullen-Shepherd Model explains how knowledge and motivation influence two stages of entrepreneurial action.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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7) In the McMullen-Shepherd Model first-person opportunity beliefs come before third-person opportunity beliefs.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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8) Sustainable entrepreneurship provides only environmental gains for others.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-06 To introduce sustainable entrepreneurship as a means of sustaining the natural environment and communities and developing gains for others.

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9) Superficial similarities exist when the underlying mechanisms of the technology resemble, or match, the underlying mechanisms of the market.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-02 To describe how structural similarities enable entrepreneurs to make creative mental leaps.

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10) Structural similarities exist when the underlying mechanisms of the technology resemble, or match, the underlying mechanisms of the market.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-02 To describe how structural similarities enable entrepreneurs to make creative mental leaps.

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11) Bricolage is entrepreneurs making do by applying combinations of the resources at hand to new problems and opportunities.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-03 To highlight bricolage as a source of entrepreneurs' resourcefulness.

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12) The effectuation process starts with what one has and selects among possible outcomes.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-04 To introduce effectuation as a way expert entrepreneurs sometimes think.

Accessibility: Keyboard Navigation

13) The thought experiment "Curry in a Hurry" is an example of the effectuation process.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-04 To introduce effectuation as a way expert entrepreneurs sometimes think.

Accessibility: Keyboard Navigation

14) The casual process of thinking starts with what one has and selects among possible outcomes.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-04 To introduce effectuation as a way expert entrepreneurs sometimes think.

Accessibility: Keyboard Navigation

15) For entrepreneurial actions that preserve nature to be considered sustainable entrepreneurship, they must also develop gains for the entrepreneur, others, and/or society.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-06 To introduce sustainable entrepreneurship as a means of sustaining the natural environment and communities and developing gains for others.

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16) The question "What is this technology all about?" is a comprehension question.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

17) Comprehension questions are designed to stimulate entrepreneurs to think about their own understanding of the nature of the environment.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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18) Asking "How is this problem similar to problems I've already solved"? is an example of a connection task.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

19) A reflection task would involve thinking about what strategies should be used to solve a problem.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

20) Entrepreneurs have stronger intentions to act when taking action is perceived to be impossible and risky.

Answer: FALSE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

21) Entrepreneurs' intentions are based on their perception of feasibility rather than someone else's impression of whether it is feasible.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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22) Perceived desirability refers to the degree to which an individual has a favorable or unfavorable evaluation of the potential entrepreneurial outcomes.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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23) An entrepreneur is rarely able to start a new business without some form of formal education.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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24) Research indicates that male entrepreneurs tend to start their first significant venture in their middle 30s, while women entrepreneurs tend to do so in their early 30s.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

25) Previous start-up experience is a good predictor of starting subsequent businesses.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

26) Dissatisfaction with various aspects of one's job often motivates the launching of a new venture.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

27) Most entrepreneurs indicate that their most significant venture was not their first one.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

28) Role models are individuals who give psychological support to the entrepreneur especially during the start-up phase.

Answer: FALSE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

29) Role models can include family members as well as industry professionals.

Answer: TRUE

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

30) In a social network there are two major properties, density and centrality.

Answer: TRUE

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

31) Entrepreneurial Opportunities are defined as:

- A) new market entry through entrepreneur action.
- B) the entrepreneur's mental processes in deciding whether or not to act on a potential opportunity.
- C) a feasibility assessment.
- D) situations in which new goods, services, raw materials and organizing methods can be sold at greater than their production cost.

Answer: D

Difficulty: 1 Easy

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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32) In Stage One of the McMullen-Shepherd Model:

- A) the entrepreneur decides whether or not there is an opportunity for someone.
- B) the entrepreneur consults experts in the market area of interest.
- C) the entrepreneur decides whether the opportunity that exists is a match with their own knowledge and motivation.
- D) the entrepreneur engages in bricolage.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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33) In Stage Two of the McMullen-Shepherd Model:

- A) the entrepreneur deals with the business failure through counseling.
- B) the entrepreneur decides whether or not there is an opportunity for him or her personally.
- C) the entrepreneur goes through the causal process of thinking structurally.
- D) the entrepreneur consults colleagues from previous jobs.

Answer: B

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

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34) With regard to thinking structurally, superficial similarities:

- A) exist when the underlying mechanisms of the technology resemble (or match) the underlying mechanisms of the market.
- B) exist when supply is less than demand.
- C) exist when entrepreneurs engage in bricolage.
- D) exist when the basic (relatively easy to observe) elements of the technology resemble the basic elements of the market.

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-02 To describe how structural similarities enable entrepreneurs to make creative mental leaps.

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35) The causal process of thinking:

- A) starts with a desired outcome and focuses on the possible means to generate that outcome.
- B) starts with what one has and selects among possible outcomes.
- C) involves bricolage.
- D) starts with brainstorming by meeting with industry professionals.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-04 To introduce effectuation as a way expert entrepreneurs sometimes think.

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36) When entrepreneurs make do by applying combinations of the resources at hand to new problems and opportunities, this is known as:

- A) sustainable entrepreneurship
- B) perceived desirability
- C) entrepreneurial intentions
- D) bricolage

Answer: D

Difficulty: 1 Easy

Learning Objective: 01-03 To highlight bricolage as a source of entrepreneurs' resourcefulness.

Accessibility: Keyboard Navigation

37) Questions designed to increase an entrepreneurs' understanding of the nature of the environment are known as:

- A) strategic questions
- B) connection tasks
- C) reflection tasks
- D) comprehension questions

Answer: D

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

38) An entrepreneur considering if what they are doing makes sense is an example of:

- A) a strategic question
- B) a connection task
- C) a reflection task
- D) a comprehension question

Answer: C

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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39) _____ are designed to stimulate thought about entrepreneurs' understanding and feelings as they progress through the entrepreneurial process.

- A) Strategic questions
- B) Connection tasks
- C) Reflection tasks
- D) Comprehension questions

Answer: C

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

40) Individuals have stronger intentions to act when taking action is perceived to be _____ and desirable.

- A) elusive
- B) feasible
- C) flexible
- D) risky

Answer: B

Difficulty: 1 Easy

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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41) Which among the following aspects most affects an entrepreneur's perception of feasibility?

- A) Locus of control
- B) Learning style
- C) Perceived desirability
- D) Self-efficacy

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

42) On the education background, entrepreneurs:

- A) are less educated than the general population.
- B) cite an educational need in the areas of finance, strategic planning, marketing, and management.
- C) who lack a formal education, fail to create new businesses and exploit discovered opportunities.
- D) cite formal education to be indispensable in starting a new business.

Answer: B

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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43) All of the following statements are true of sustainable entrepreneurship *except*:

- A) Entrepreneurs with a positive attitude toward the natural environment never disengage these values to exploit an opportunity.
- B) It is not just the natural environment that needs sustained; communities also need to be preserved.
- C) Environmental gains include reduced air pollution, improved air quality, and enhanced living conditions.
- D) Social gains include improved child survival rates, longer life expectancy, and equal opportunity.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-06 To introduce sustainable entrepreneurship as a means of sustaining the natural environment and communities and developing gains for others.

Accessibility: Keyboard Navigation

- 44) Density, in regards to a social network, refers to:
- A) the extensiveness of ties between two individuals.
 - B) the total number of individuals in the network.
 - C) the distance of connection between the entrepreneur and contact.
 - D) the fact that most networks are informal and not well organized.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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- 45) The moral support network is different from the professional support network in that:
- A) a professional support network includes finding a mentor.
 - B) moral support is less important than professional support.
 - C) only the "cheering squad" provides moral support.
 - D) a moral support network comprises only of personal contacts.

Answer: A

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

- 46) Within the moral-support network, most entrepreneurs indicate that their _____ are their biggest supporters.
- A) mentors
 - B) friends
 - C) parents
 - D) spouses

Answer: D

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

- 47) Which group in a professional network helps keep a new venture competitive?
- A) Clients or buyers
 - B) Mentors
 - C) Trade associations
 - D) Suppliers

Answer: C

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

Accessibility: Keyboard Navigation

48) Explain the McMullen-Shepherd Model.

Answer: 1. Model explains how knowledge and motivation influence two stages leading to entrepreneurial action.

2. Stage One is when the potential entrepreneur realizes an opportunity exists for someone.

3. Stage Two is when the potential entrepreneur decides whether or not the opportunity is right for them personally in terms of their skill, knowledge and motivation.

Difficulty: 2 Medium

Learning Objective: 01-01 To introduce the concept of entrepreneurship and explain the process of entrepreneurial action.

Accessibility: Keyboard Navigation

49) Define superficial similarities and structural similarities. Which of the two is considered the more challenging for entrepreneurs?

Answer: 1. Superficial similarities exist when the basic (relatively easy to observe) elements of the technology resemble (match) the basic (relatively easy to observe) elements of the market.

2. Structural similarities exist when the underlying mechanisms of the technology resemble (or match) the underlying mechanisms of the market.

Structural similarities were identified as the most challenging.

Difficulty: 2 Medium

Learning Objective: 01-02 To describe how structural similarities enable entrepreneurs to make creative mental leaps.

Accessibility: Keyboard Navigation

50) Describe the difference between the causal process and the effectuation process.

Answer: Effectuation is process that starts with what one has (who they are, what they know, and whom they know) and selects among possible outcomes. Basically identifying resources and THEN finding an opportunity to fit whereas the casual process starts with a desired outcome and focuses on the means (what resources are needed) to generate that outcome.

Difficulty: 2 Medium

Learning Objective: 01-04 To introduce effectuation as a way expert entrepreneurs sometimes think.

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51) Identify and define the four types of questions/tasks related to increasing cognitive ability.

Answer:

1. Comprehension questions are designed to increase entrepreneurs' understanding of the nature of the environment
2. Connection tasks are designed to stimulate entrepreneurs to think about the current situation in terms of similarities to and differences from situations previously faced and solved
3. Strategic Tasks are designed to stimulate entrepreneurs to think about which strategies are appropriate for solving the problem (and why) or pursuing the opportunity (and how)
4. Reflection tasks are designed to stimulate entrepreneurs to think about their understanding and feelings as they progress through the entrepreneurial process.

Difficulty: 2 Medium

Learning Objective: 01-05 To develop the notion that entrepreneurs cognitively adapt.

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52) Describe sustainable entrepreneurship and give a few examples of economic, environmental, and social gains it can generate for others.

Answer: Sustainable entrepreneurship focuses on preserving nature, life support, and community (sustainability) in the pursuit of perceived opportunities to bring future products, processes, and services into existence for gain (entrepreneurial action) there gain is broadly construed to include economic and noneconomic benefits to individuals, the economy, and society (development).

Economic gains for others include employment opportunities, improved access to quality/valuable goods, and revenues for the government. Environmental gains generated for others include reduced air pollution, improved air quality, improved drinking water quality, and other enhanced living conditions. The social gains include improved child survival rates, longer life expectancy, superior education, equal opportunity, and so on.

Difficulty: 2 Medium

Learning Objective: 01-06 To introduce sustainable entrepreneurship as a means of sustaining the natural environment and communities and developing gains for others.

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