# *Entrepreneurship - Successfully Launching New Ventures 7th edition Barringer Test Bank*

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***Entrepreneurship, 7e* (Barringer/Ireland)**
**Chapter 1 Introduction to Entrepreneurship**

1) The Bee Corp in the *Opening Profile* of Chapter 1 received important early capital through a grant from the _____.
A) U.S. Small Business Administration
B) Food and Drug Administration
C) Internal Revenue Service
D) U.S. Chamber of Commerce
E) Carnegie Foundation
Answer: A
Difficulty: Easy
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

2) Which of the following is an accurate characterization of interest in entrepreneurship?
A) There is minimal interest in entrepreneurship across the world.
B) There is minimal interest in entrepreneurship in North America and Europe, but significant interest in Asia and Australia.
C) There is significant interest in entrepreneurship in North America and Europe, but minimal interest in Asia and Australia.
D) While interest in entrepreneurship was once high, it is waning in popularity across the world.
E) There is tremendous interest in entrepreneurship across the world.
Answer: E
Difficulty: Easy
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Application of Knowledge
Quest. Category: Application

3) According to the Global Entrepreneurship Monitor (GEM) 2021/2022 survey, about _____ percent of adults in the United States are either starting a business or are running a business that has been in existence for less than three-and-a-half years.
A) 3.8
B) 5.5
C) 7.6
D) 9.0
E) 16.5
Answer: E
Difficulty: Challenging
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Application of Knowledge
Quest. Category: Application


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4) According to the Global Entrepreneurship Monitor (GEM) 2021/2022 study, the majority of people in low-income countries are drawn to entrepreneurship _____.
A) to make a difference in the world
B) due to lack of career prospects
C) as a result of government incentives
D) because an important role model was an entrepreneur
E) to gain prestige
Answer: A
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

5) Which of the following statements regarding survival rates of entrepreneurial firms in the United States is correct?
A) Over 50 percent after five years
B) Approximately 40 percent after five years
C) As high as 70 percent after 10 years
D) Approximately 50 percent after 10 years
E) As high as 90 percent after 10 years
Answer: A
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

6) Cody Rodgers is the founder of a company named Extreme Sports Apparel. The company makes apparel products for extreme sports enthusiasts such as rock climbers, triathletes, skateboarders, and BMX bikers. Cody wants his company to pursue a high level of corporate entrepreneurship. To achieve that goal, Cody's firm should be _____.
A) innovative, risk averse, and take a "wait and see" posture
B) taking a "wait and see" posture, innovative, and risk taking
C) proactive, not innovative, and risk taking
D) taking a "wait and see" posture, not innovative, and risk averse
E) proactive, innovative, and risk taking
Answer: E
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Analytical Thinking
Quest. Category: Analytical


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7) Google is a firm that is proactive, innovative and risk-taking. From this description, we can most accurately conclude that Google has a high level of _____.
A) enterprise focus
B) innovative intensity
C) entrepreneurial intensity
D) creative intensity
E) innovative concentration
Answer: C
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

8) Apple is an established firm that encourages and emphasizes entrepreneurial behavior throughout its various divisions. According to the textbook, Apple practices _____ entrepreneurship.
A) tactical
B) corporate
C) strategic
D) business
E) enterprise
Answer: B
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

9) Entrepreneurship cannot occur in government agencies and nonprofit organizations.
Answer: FALSE
Difficulty: Easy
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

10) According to the results of the GEM 2021/2022 survey, about one out of every six American adults is actively engaged in starting a business or is the owner/manager of a business that is less than three-and-a-half- years old.
Answer: TRUE
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Application of Knowledge
Quest. Category: Application


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11) According to the Bureau of Labor Statistics, 9 out of 10 businesses fail in their first few years of existence.
Answer: FALSE
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

12) Entrepreneurship is the process by which individuals pursue opportunities within the constraints of the resources they control.
Answer: FALSE
Difficulty: Easy
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

13) Established firms with an entrepreneurial emphasis are proactive, innovative, and risk taking.
Answer: TRUE
Difficulty: Moderate
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Analytical Thinking
Quest. Category: Analytical

14) What is entrepreneurship? What is the essence of entrepreneurial behavior?
Answer: Entrepreneurship is the process by which individuals pursue opportunities without regard to the resources they currently control for the purpose of exploiting future goods and services. The essence of entrepreneurial behavior is identifying opportunities and putting useful ideas into practice.
Difficulty: Easy
LO: 1.1: Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.
AACSB: Reflective Thinking
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15) The three primary reasons that people become entrepreneurs and start their own firms are to _____.
A) gain prestige, realize financial rewards, and eliminate risk in their lives
B) do what they were "born" to do, be their own boss, and gain prestige
C) take big risks, be their own boss, and do what they were "born" to do
D) be their own boss, pursue their own ideas, and pursue financial rewards
E) take advantage of government subsidies, pursue their own ideas, and realize financial rewards
Answer: D
Difficulty: Moderate
LO: 1.2: Discuss three main reasons people decide to become entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

16) According to the textbook, the reason people give most often for becoming entrepreneurs is to _____.
A) realize financial rewards
B) gain prestige
C) be their own boss
D) continue a family tradition
E) pursue their own ideas
Answer: C
Difficulty: Easy
LO: 1.2: Discuss three main reasons people decide to become entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

17) According to the textbook, starting a business to make a lot of money _____.
A) often fails to live up to its hype
B) is equally as satisfying as other reasons for starting a business
C) is the number one reason people start their own business
D) is the number two reason that people start their own business, right behind the lack of better career prospects
E) does not rank among the top three reasons that people start their own business
Answer: A
Difficulty: Moderate
LO: 1.2: Discuss three main reasons people decide to become entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

18) Established firms seldom resist innovation.
Answer: FALSE
Difficulty: Moderate
LO: 1.2: Discuss three main reasons people decide to become entrepreneurs.
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19) Describe the three primary reasons that people become entrepreneurs and start their own firms.
Answer: The three primary reasons that people become entrepreneurs and start their own firms are to (1) be their own boss, (2) pursue their own ideas, and (3) pursue financial rewards. Being one's own boss-is the reason given most commonly. Many entrepreneurs want to be their own boss because either they have had a long-time ambition to own their own firm or they have become frustrated working in traditional jobs. The second reason people start their own firms is to pursue their own ideas. Some people are naturally alert, and when they recognize ideas for new products or services, they have a desire to see those ideas realized. The third reason people start their own firms is to pursue financial rewards. This motivation, however, is typically secondary to the first two.
Difficulty: Moderate
LO: 1.2: Discuss three main reasons people decide to become entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

20) The four characteristics of successful entrepreneurs cited in the textbook are _____.
A) passion for the business, on the cutting edge of technological change, very charismatic, and tenacity despite failure
B) young and energetic, passion for the business, product/customer focus, and seeks recognition
C) passion for the business, tenacity despite failure, product/customer focus, and execution intelligence
D) on the cutting edge of technological change, forward thinking, tenacity despite failure, and product/customer focus
E) passion for the business, seeks recognition, young and energetic, and execution intelligence
Answer: C
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

21) The number one characteristic shared by successful entrepreneurs is _____.
A) a desire to achieve financial rewards
B) a passion for their business
C) a passion for creating employment for other people
D) a desire to fulfill a lifetime dream
E) a desire to revolutionize the market
Answer: B
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
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22) According to the textbook, the primary motivator behind entrepreneurs of social enterprises is to _____.
A) make a difference in people's lives
B) make a lot of money
C) increase their prestige
D) transition to a high-level job in the corporate sector
E) be their own boss and manage others
Answer: A
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

23) Which of the following was NOT identified in the textbook as one of the five primary reasons passion is important for the launch of a successful entrepreneurial organization?
A) The ability to stick to a plan even when faced with evidence that changes are needed
B) A willingness to work hard for an extended period of time
C) The ability to overcome setbacks and "no's"
D) The ability to listen to feedback on the limitations of your organization and yourself
E) Perseverance and persistence when the going gets tough
Answer: A
Difficulty: Challenging
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Analytical Thinking
Quest. Category: Analytical

24) The *What Went Wrong?* feature in Chapter 1 focuses on Prim, a failed startup in the laundry industry. According to the feature, Prim failed largely as a result of _____.
A) lack of product/customer focus
B) poor intellectual property protection
C) the individuals who started the firm were too young and inexperienced
D) poor execution intelligence
E) a lack of passion and resolve
Answer: E
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
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25) Stacey Wills, who is at heart a craftsperson, recently started a firm to manufacture a new innovative food blender. Stacey's desire is to sell her food blender to as many people as possible because she firmly believes in the merits of her product. Stacey's story best illustrates which of the following characteristics, or attributes, of a successful entrepreneur?
A) Product/customer focus
B) Execution intelligence
C) Tenacity despite failure
D) A desire to please consumers
E) A desire to gain financial rewards
Answer: A
Difficulty: Easy
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Analytical Thinking
Quest. Category: Analytical

26) Alex and Patty Webb launched a firm several years ago and have been particularly successful in introducing new products to the marketplace. One thing that Alex and Patty are particularly good at is translating their thoughts, creativity, and imaginations into products that reach the marketplace. The ability to make this happen is most closely related to which of the following characteristics of successful entrepreneurs?
A) A passion for the business
B) Execution intelligence
C) Tenacity despite failure
D) Product/market focus
E) A desire for recognition
Answer: B
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

27) _____ are organizations that provide startups with shared operating space.
A) Incubators
B) Intrapreneurs
C) Accelerators
D) Capital markets
E) Banks
Answer: A
Difficulty: Challenging
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
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28) The number one characteristic shared by successful entrepreneurs is passion for the business.
Answer: TRUE
Difficulty: Easy
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

29) The four main characteristics of successful entrepreneurs are: passion for the business, execution intelligence, product/customer focus, and tenacity despite failure.
Answer: TRUE
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

30) List the five primary reasons passion is important for the launch of a successful entrepreneurial organization.
Answer: The five primary reasons passion is important for the launch of a successful entrepreneurial organization are 1) the ability to learn and iterate, 2) a willingness to work hard for an extended time, 3) the ability to overcome setbacks and "no's", 4) the ability to listen to feedback on the limitations of their organization and themselves, and 5) perseverance and persistence when the going gets tough.
Difficulty: Challenging
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

31) Describe the four main characteristics of successful entrepreneurs.
Answer: The four main characteristics of successful entrepreneurs are: passion for the business, product/customer focus, tenacity despite failure, and execution intelligence. The number one characteristic shared by successful entrepreneurs is passion for their business, whether it is in the context of a new firm or an existing business. This passion typically stems from the entrepreneur's belief that the business will positively influence people's lives. A second defining characteristic of successful entrepreneurs is a product/customer focus. This characteristic underscores two of the most important elements in any business-products and customers. The third characteristic of successful entrepreneurs is tenacity despite failure. Because entrepreneurs are typically trying something new, the failure rate associated with their efforts is naturally high. The litmus test for entrepreneurs is their ability to persevere through setbacks and failures. The fourth characteristic of successful entrepreneurs is execution intelligence. The ability to effectively execute a business idea means developing a business model, putting together a new venture team, raising money, establishing partnerships, managing finances, leading and motivating employees, and so on.
Difficulty: Moderate
LO: 1.3: Identify four main characteristics of successful entrepreneurs.
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32) Which of the following is **NOT** one of the five common myths about entrepreneurs?
A) Entrepreneurs are not motivated primarily by money.
B) Entrepreneurs are gamblers.
C) Entrepreneurs should be young and energetic.
D) Entrepreneurs love the spotlight.
E) Entrepreneurs are born not made.
Answer: A
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

33) According to the textbook, entrepreneurs are _____.
A) indecisive
B) moderate risk takers
C) intolerant of ambiguity
D) motivated primarily by money
E) attention seekers
Answer: B
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

34) Which of the following was **NOT** identified as one of the common traits and characteristics of entrepreneurs?
A) Lengthy attention span
B) Self-starter
C) Tolerant of ambiguity
D) Tenacious
E) Introvert
Answer: E
Difficulty: Challenging
LO: 1.4: Explain five common myths regarding entrepreneurship.
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35) As a Small Business Development Center counselor reviewing the personality profiles of five potential entrepreneur, which of the following candidates has the most desirable mix of personal characteristics to become a successful entrepreneur?
A) Candidate A: visionary, energetic, moderate risk taker
B) Candidate B: seeks recognition, self-starter, creative
C) Candidate C: visionary, high-risk taker, energetic
D) Candidate D: high-risk taker, achievement-motivated, networker
E) Candidate E: tolerant for ambiguity, seeks recognition, motivated primarily by money
Answer: A
Difficulty: Challenging
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

36) Which of the following statements about entrepreneurs is NOT true?
A) People with self-employed parents or caregivers are more likely to become entrepreneurs.
B) Becoming an entrepreneur is a function of environment, life experiences, and personal choices.
C) There are personality traits that have a common association with entrepreneurs.
D) Some people have a genetic predisposition to become an entrepreneur.
E) People who know an entrepreneur personally are more than twice as likely to engage in entrepreneurship.
Answer: D
Difficulty: Challenging
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

37) According to the Kauffman Foundation, which age bracket reflected the highest percentage of entrepreneurs in 2018?
A) The 20 to 34 age range
B) The 45 to 54 age range
C) The 35 to 44 age range
D) The 55 to 64 age range
E) The under 20 age range.
Answer: D
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Application of Knowledge
Quest. Category: Application


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38) Which of the following statements is NOT correct regarding entrepreneurial activity and age range?
A) The highest percent of business owners are 35 and older.
B) Twenty-five percent of all new entrepreneurs are in the 20—34 age group.
C) The majority of business founders have no prior work experience.
D) The biggest shift in entrepreneurial activity from 1996 to 2018 was in the 55-64 age group.
E) Entrepreneurial activity is fairly evenly spread out over age ranges.
Answer: C
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Analytical Thinking
Quest. Category: Analytical

39) Investors report their most important criterion in the decision to fund new ventures is the _____.
A) financial position of the new venture
B) strength of the industry the new firm is entering
C) strength of the new venture's marketing plan
D) strength of the business idea
E) strength of the entrepreneur
Answer: E
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

40) Venture capitalists often express the sentiment that _____.
A) the strength of the entrepreneur and the strength of the business idea are of equal importance
B) they would never fund a strong entrepreneur with a weak business idea
C) they would rather fund a strong entrepreneur with a mediocre business idea than fund a strong business idea with a mediocre entrepreneur
D) a new venture's marketing plan is more important than either the strength of the entrepreneur or the strength of the business idea
E) they would rather fund a strong business idea with a mediocre entrepreneur than fund a strong entrepreneur with a mediocre business idea
Answer: C
Difficulty: Challenging
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Analytical Thinking
Quest. Category: Analytical


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41) Pacific Fishing LLC is a startup that is working on a new technology for the fishing industry. Because the technology it's working on is highly proprietary, the company is located in the warehouse district of a large western city. Pacific's founder, Ray Sims, rarely gives interviews and is careful not to divulge much about what the company is doing. Which of the following common myths about entrepreneurs does the behavior of its founder, Ray Sims, dispel?
A) Entrepreneurs are born, not made.
B) Entrepreneurs are gamblers.
C) Entrepreneurs are motivated primarily by money.
D) Entrepreneurs should be young and energetic.
E) Entrepreneurs love the spotlight.
Answer: E
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

42) According to the consensus of the research, some people are genetically predisposed to be entrepreneurs.
Answer: FALSE
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Analytical Thinking
Quest. Category: Analytical

43) Most new entrepreneurs have work experience.
Answer: TRUE
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

44) List the five common myths regarding entrepreneurs.
Answer: The five common myths regarding entrepreneurs are 1) entrepreneurs are born, not made; 2) entrepreneurs are gamblers; 3) entrepreneurs are motivated primarily by money; 4) entrepreneurs should be young and energetic; and 5) entrepreneurs love the spotlight.
Difficulty: Moderate
LO: 1.4: Explain five common myths regarding entrepreneurship.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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45) What are the three types of startup firms?
A) Lifestyle firms, general firms, and entrepreneurial firms
B) Standard-of-living firms, statutory firms, and general firms
C) Entrepreneurial firms, standard-of-living firms, and statutory firms
D) Lifestyle firms, salary-substitute firms, and entrepreneurial firms
E) Innovative firms, entrepreneurial firms, and standard firms
Answer: D
Difficulty: Moderate
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

46) Colorado Sandwich, Soup and Salad is a casual dining restaurant that has been owned by Stephanie Peterson for the past 14 years. The restaurant offers a menu that is typical for casual dining restaurants and affords Stephanie a level of income that is similar to what she would earn in a conventional job. According to the textbook, Colorado Sandwich, Soup and Salad is an example of a(n) _____ firm.
A) salary-substitute
B) entrepreneurial
C) quality-of-life
D) lifestyle
E) industry-standard
Answer: A
Difficulty: Moderate
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

47) Montana Sky Trails leads multiday outdoor adventure trips for private groups and corporate clients to various locations across Montana. The company was started by Justin Smith, an individual that gave up a prestigious job in banking because Montana Sky Trails better accommodates his personal lifestyle. Montana Sky Trails is an example of a(n) _____ firm.
A) entrepreneurial
B) salary-substitute
C) standard-of-living
D) statutory
E) lifestyle
Answer: E
Difficulty: Easy
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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48) Which type of firm brings new products and services to market by creating and seizing opportunities?
A) Entrepreneurial
B) Salary-substitute
C) Standard-of-living
D) Statutory
E) Lifestyle
Answer: A
Difficulty: Moderate
LO: 1.5: Describe the three types of startup firms.
AACSB: Analytical Thinking
Quest. Category: Analytical

49) According to the textbook, Airbnb, Facebook, and Uber are examples of _____ firms.
A) lifestyle
B) salary-substitute
C) industry-standard
D) entrepreneurial
E) standard-of-living
Answer: D
Difficulty: Easy
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

50) The *Partnering for Success* feature in Chapter 1 focuses on campus ambassador or campus rep programs. Which of the following is NOT a characteristic cited that such programs typically look for in student hires?
A) Have upbeat personalities
B) Are effective communicators
C) Have a wide network of friends
D) Have effective presentation skills
E) Have in-depth knowledge and love for the company's product
Answer: C
Difficulty: Moderate
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

51) The essence of entrepreneurship is creating value and then disseminating that value to customers.
Answer: TRUE
Difficulty: Easy
LO: 1.5: Describe the three types of startup firms.
AACSB: Analytical Thinking
Quest. Category: Analytical


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52) Identify the three types of startup firms and discuss how they differ. Provide examples of each type of firm.
Answer: The three types of startup firms are: salary-substitute firms, lifestyle firms, and entrepreneurial firms. Salary-substitute firms are small firms that afford their owners a level of income similar to what they would earn in a conventional job. Examples of salary-substitute firms are dry cleaners, convenience stores, restaurants, accounting firms, retail stores, and hairstyling salons. Lifestyle firms provide their owner or owners the opportunity to pursue a particular lifestyle and earn a living while doing so. Examples of lifestyle firms include ski instructors, golf pros, and tour guides. Entrepreneurial firms bring new products and services to market by creating and seizing opportunities. There are many examples of entrepreneurial firms in computer software, biotechnology, and medical devices.
Difficulty: Moderate
LO: 1.5: Describe the three types of startup firms.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

53) According to the Kauffman Foundation, in 2020, women accounted for what percent of new business owners?
A) 40.5 percent
B) 49.5 percent
C) 30.5 percent
D) 25.5 percent
E) 15.5 percent
Answer: A
Difficulty: Easy
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

54) There was _____ in the number of minority entrepreneurs in the United States from 1996 to 2020.
A) a slight increase
B) a substantial decrease
C) no meaningful change
D) a substantial increase
E) a slight decrease
Answer: D
Difficulty: Moderate
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
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55) Which generation was born between 1997 and 2012?
A) Gen Z
B) Millennials
C) Gen X
D) Baby Boomers
E) Gen Y
Answer: A
Difficulty: Moderate
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

56) According to a 2021 Ernst & Young survey, which generation reported 49 percent of their cohort being very or extremely likely to start their own business?
A) Gen Y
B) Millennials
C) Baby Boomers
D) Gen Z
E) Gen X
Answer: D
Difficulty: Challenging
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

57) In every U.S. census since 1880, immigrants are more likely to be self-employed than the native-born population.
Answer: TRUE
Difficulty: Moderate
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

58) Although interest in entrepreneurship remains high nationwide, the number of women-owned businesses is decreasing.
Answer: TRUE
Difficulty: Moderate
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Application of Knowledge
Quest. Category: Application


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59) Unfortunately, statistics show that there is very little interest in entrepreneurship among young people in the United States.
Answer: FALSE
Difficulty: Moderate
LO: 1.6: Discuss the changing diversity of new entrepreneurs.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

60) As new products that are better than the existing generation of products are introduced, sales normally increase because the new products provide consumers increased value or worth. This process is called _____.
A) creative destruction
B) repetitive destruction
C) iterative replacement
D) inventive replacement
E) iterative destruction
Answer: A
Difficulty: Moderate
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Analytical Thinking
Quest. Category: Analytical

61) The process of creative destruction was argued in the book *The Theory of Economic Development* written by _____.
A) B. Barringer
B) Alexander Osterwalder
C) Joseph Schumpeter
D) Michael Porter
E) Jim Collins
Answer: C
Difficulty: Moderate
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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62) According to the textbook, entrepreneurship has historically had _____.
A) a major impact on the economy and minor impact on society
B) a minor impact on both the economy and society
C) a major impact on society and minor impact on the economy
D) a major impact on both the economy and society
E) no impact on either the economy or society
Answer: D
Difficulty: Easy
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

63) _____ is the process of creating something new, which is central to the entrepreneurial process.
A) Creative destruction
B) Modernism
C) Execution
D) Creativity
E) Innovation
Answer: E
Difficulty: Easy
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

64) Joseph Schumpeter argued that entrepreneurs develop new products and technologies that over time make current products and technologies obsolete, and this process, which he called creative destruction, is good because it stimulates economic activity.
Answer: TRUE
Difficulty: Moderate
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

65) Entrepreneurial firms have an impact on economies, societies, and larger firms.
Answer: TRUE
Difficulty: Easy
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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66) According to the SBA, from 2015 to the first quarter of 2022, small businesses created 66 percent of private-sector new jobs in the U.S.
Answer: TRUE
Difficulty: Challenging
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

67) Discuss the two primary reasons that entrepreneurial behavior has a strong impact on the United States economy.
Answer: The two reasons that entrepreneurial behavior has a strong impact on the United States economy are innovation and job creation. Innovation is the process of creating something new, which is central to the entrepreneurial process. According to the National Science Foundation, small innovative firms that engage in R&D generate more patents per employee than larger businesses that engage in R&D.. In regard to job creation, according to the SBA, small businesses create a substantial number of new jobs in the United States. Firms with fewer than 500 employees created 66 percent of private-sector jobs from 2015 to the first quarter of 2022.
Difficulty: Challenging
LO: 1.7: Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

68) Which of the following is the correct sequence for the four steps in the entrepreneurial process?
A) Deciding to become an entrepreneur, developing successful business ideas, moving from an idea to an entrepreneurial firm, managing and growing the entrepreneurial firm
B) Developing successful business ideas, deciding to become an entrepreneur, moving from an idea to an entrepreneurial firm, managing and growing the entrepreneurial firm
C) Developing successful business ideas, moving from an idea to an entrepreneurial firm, deciding to become an entrepreneur, managing and growing the entrepreneurial firm
D) Deciding to become an entrepreneur, moving from an idea to an entrepreneurial firm, developing successful business ideas, managing and growing the entrepreneurial firm
E) Managing and growing the entrepreneurial firm, developing successful business ideas, deciding to become an entrepreneur, moving from an idea to an entrepreneurial firm
Answer: A
Difficulty: Challenging
LO: 1.8: Explain the entrepreneurial process.
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69) Which of the following is NOT one of the four steps of the entrepreneurial process?
A) Deciding to become an entrepreneur
B) Determining how to seize the spotlight
C) Developing successful business ideas
D) Moving from an idea to an entrepreneurial firm
E) Managing and growing the entrepreneurial firm
Answer: B
Difficulty: Easy
LO: 1.8: Explain the entrepreneurial process.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

70) An event that prompts an individual to become an entrepreneur, such as losing a job, inheriting money, or accommodating a certain lifestyle, is referred to as a(n) _____.
A) prompting event
B) entrepreneurial prompt
C) initiating event
D) triggering event
E) kick-off event
Answer: D
Difficulty: Easy
LO: 1.8: Explain the entrepreneurial process.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

71) Jan Berry recently received a $500,000 inheritance from her maternal grandmother. Jan decided to use the money to start a business. The inheritance that Jan received was the _____ that prompted her to start a business.
A) prompting event
B) entrepreneurial prompt
C) initiating event
D) triggering event
E) kick-off event
Answer: D
Difficulty: Easy
LO: 1.8: Explain the entrepreneurial process.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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72) A(n) _____ is a written document that describes all the aspects of a business venture in a concise manner.
A) business plan
B) business model
C) operations plan
D) corporate plan
E) contingency plan
Answer: A
Difficulty: Easy
LO: 1.8: Explain the entrepreneurial process.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

73) A firm's _____ is a plan for how it competes, uses its resources, structures its relationships, interfaces with customers, and creates value to sustain itself on the basis of the value it creates.
A) business plan
B) business model
C) tactical model
D) strategic plan
E) operations model
Answer: B
Difficulty: Moderate
LO: 1.8: Explain the entrepreneurial process.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking

74) What are the four steps in the entrepreneurial process?
Answer: The four steps in the entrepreneurial process are 1) deciding to become an entrepreneur, 2) developing successful business ideas, 3) moving from an idea to an entrepreneurial firm, and 4) managing and growing an entrepreneurial firm.
Difficulty: Moderate
LO: 1.8: Explain the entrepreneurial process.
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75) Which skill was identified as a link to studying potential opportunities to determine if any of the identified opportunities are the foundation for a viable business venture?
A) Critical thinking
B) Data literacy
C) Collaboration
D) Ethical reasoning
E) Social responsibility
Answer: A
Difficulty: Moderate
LO: 1.9: Learn how understanding entrepreneurship and the entrepreneurial process can facilitate your career success.
AACSB: Reflective Thinking
Quest. Category: Critical Thinking


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