Entrepreneurship - Theory Process Practice 12th edition Kuratko Test Bank

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Name:_____ Class:_____ Date:_____

Chapter 01: Entrepreneurship: Evolutionary Development—Revolutionary Impact

1. Entrepreneurs are aggressive catalysts for change within the marketplace.
   a. True
   b. False
ANSWER: True

2. During the past 10 years, new business start-ups averaged more than 600,000 per year.
   a. True
   b. False
ANSWER: True

3. Employees embrace fear, while entrepreneurs are willing to take calculated risks.
   a. True
   b. False
ANSWER: True

4. The entrepreneurial spirit is unique to the modern age.
   a. True
   b. False
ANSWER: False

5. A "gazelle" is a business establishment with at least 5 percent sales growth every year for 25 years.
   a. True
   b. False
ANSWER: False

6. The word entrepreneur is derived from the Spanish word *entreprendre*, meaning "to undertake."
   a. True
   b. False
ANSWER: False

7. There is no single definition of an entrepreneur.
   a. True
   b. False
ANSWER: True

8. Women and minority entrepreneurs face the same obstacles as other entrepreneurs.
   a. True
   b. False
ANSWER: False

9. Entrepreneurs are typically well-organized, not shoot from the hip gunslingers.
   a. True
   b. False
ANSWER: False

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10. Experience portfolios will be an increasing part of entrepreneurship education.
    a. True
    b. False

ANSWER: True

11. Recognition and discussion of entrepreneurship date back to the eighteenth century with which economist?
    a. Joseph Schumpeter
    b. Jean Baptiste Say
    c. Richard Cantillon
    d. Robert C. Ronstadt

ANSWER: c

12. What are some key elements in the structure of organizing the study of entrepreneurship?
    a. Dynamic leadership and material
    b. Consistent leadership and authority
    c. Dynamic material and case studies
    d. Consistent leadership and material

ANSWER: b

13. Who created a summary description of entrepreneurship?
    a. Joseph Schumpeter
    b. Jean Baptiste Say
    c. Richard Cantillon
    d. Robert C. Ronstadt

ANSWER: d

14. The following terms describe entrepreneurs, but generally not small-business owners.
    a. Innovation, growth, profitability
    b. Growth, innovation, stable
    c. Profitability, stable sales, growth
    d. Innovation, independent, profitability

ANSWER: a

15. Which of the following is an example of a major type of venture within the Morris and Kuratko typology?
    a. Adventure ventures
    b. Lifestyle ventures
    c. Innovative ventures
    d. Growth ventures

ANSWER: b

16. A typology allows for a clearer difference between entrepreneurial firms and what other type of organization?
    a. Partnerships
    b. Corporations
    c. Growth companies

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d. Small businesses

ANSWER: d

17. Within aggressive growth ventures, how are gazelles defined?
    a. Fast growing
    b. Market value at $1 billion
    c. Market value at $10 billion
    d. Technology based

ANSWER: a

18. Which firms create most of the jobs in the United States?
    a. Large corporations
    b. Small corporations
    c. New and larger companies
    d. New and smaller companies

ANSWER: d

19. A start-up that surpasses the $1 billion level is given what name?
    a. Unicorn
    b. Decacorn
    c. Hectacorn
    d. Gazelle

ANSWER: a

20. What causes new and smaller firms to become champions of innovations?
    a. Supply and demand
    b. Change and competition
    c. Innovation and change
    d. Innovation and the environment

ANSWER: b

21. Which was one of the first unicorns, breaking above $1 billion as a private company?
    a. Amazon
    b. Google
    c. Uber
    d. Apple

ANSWER: c

22. What type of organizations do venture capitalists prefer?
    a. Gazelles
    b. Unicorns
    c. Decacorns
    d. Hectacorns

ANSWER: a

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23. What are students of entrepreneurship expected to create as they go through their educational program?
    a. A portfolio summarizing the business they will be starting
    b. A diary or compilation of the theories studied
    c. A portfolio of ideas, pitches, models, interviews, etc.
    d. A diary or compilation of entrepreneurial case studies

ANSWER: c

24. One key defining characteristic of entrepreneurs is that they see something unique in chaos, contraction, and confusion. What element do they see?
    a. Organization
    b. Opportunity
    c. Structure
    d. Patterns

ANSWER: b

25. Entrepreneurs are considered heroes of which aspect of business?
    a. Growth
    b. Free enterprise
    c. Innovation
    d. Job creation

ANSWER: b

26. Regardless of what type of organization the entrepreneur works, what elements largely stay the same?
    a. The kinds of innovation and where to look for them
    b. The innovative drive and the need for funding
    c. The drive to create a start-up organization
    d. The opportunities available and where to look for them

ANSWER: b

27. The financial/capital school of thought believes that financial decisions occur at what point in the entrepreneurial process?
    a. Ideation
    b. Start-up
    c. All phases
    d. All beginning phases

ANSWER: c

28. Donald F. Kuratko and Michael H. Morris used what metaphor to describe entrepreneurship.
    a. Fire in a bottle
    b. Organized chaos
    c. Fire in a bucket
    d. Organized disorganization

ANSWER: a

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29. What are two traditional approaches to structuring the entrepreneurial process?
    a. Integrative and dynamic states
    b. Dynamic states and static states
    c. Integrative and stepwise
    d. Static states and stepwise

ANSWER: c

30. The integrative approach of the entrepreneurial approach is centered on which two components?
    a. Supply and demand
    b. Inputs and outcomes
    c. Revenue and costs
    d. Suppliers and consumers

ANSWER: b

31. Based on the dynamic states approach shown in Figure 1.4, the dynamic state is between what two elements of the process?
    a. Business model and resources
    b. Activity resources and position
    c. Opportunity tension and business model
    d. Value creation and opportunity tension

ANSWER: d

32. Combining different process models into an integration of previously disparate aspects of entrepreneurship is a description of which approach?
    a. Framework of frameworks
    b. Combination approach
    c. Combination of frameworks
    d. Framework of different aspects

ANSWER: a

33. The top 1 percent of companies account for about what percent of jobs?
    a. 15 percent
    b. 25 percent
    c. 35 percent
    d. 40 percent

ANSWER: d

34. What types of organizations can have entrepreneurs working within them?
    a. New and smaller organizations only
    b. Large and growing organizations only
    c. Only within business organizations
    d. All organizations

ANSWER: d

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35. How many trajectories are there in building the education of entrepreneurship?
    a. four
    b. five
    c. six
    d. seven

ANSWER: c

36. Start-up firms that have surpassed the $1 billion level and have now achieved the $10 billion level are often referred to by what name?
    a. Unicorns
    b. Gazelles
    c. Decacorn
    d. Hectacorns

ANSWER: c

37. Which of the following is a source of venture financing?
    a. Bank loans
    b. Stock issuance
    c. Angel capital
    d. Debt financing

ANSWER: c

38. What are the criteria for entrepreneurial to be applied to a situation?
    a. Recognizing and capitalizing on opportunity for economic gain
    b. Recognizing innovation and job creation
    c. Recognizing and capitalizing on innovation
    d. Recognizing innovation and the ability to take risks

ANSWER: a

39. In what context is entrepreneurship programs taught?
    a. Innovation, taking risks, and entrepreneurial content
    b. Business basics and seizing opportunities
    c. Business basics, core entrepreneurial content, and an entrepreneurial mindset
    d. Innovation, core entrepreneurial content, and an entrepreneurial mindset

ANSWER: c

40. What would be a good description of entrepreneurial cognition?
    a. Ways that entrepreneurs think and act
    b. Ways that entrepreneurs inspire others
    c. Ways that entrepreneurs obtain funding
    d. Ways that entrepreneurs run a start-up company

ANSWER: a

41. What is the purpose of an entrepreneur working creatively?

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a. Creating wealth
b. Helping society
c. Bringing their vision of business to life
d. Implementing innovation

ANSWER: a

42. The dynamic states approach is more of a process-oriented view that incorporates which of the following elements?
a. Financial, individuals, and organizational elements
b. Innovative, financial, and organizational elements
c. Organizational, innovative, and environmental elements
d. Individuals, organizational, and environmental elements

ANSWER: d

43. The triad of the entrepreneurial mindset includes which three aspects?
a. Emotional, cognitive, and behavioral
b. Innovative, cognitive, and profit focused
c. Cognitive, emotional, and innovative
d. Behavioral, emotional, and innovative

ANSWER: a

44. What are the four major dimensions of new-venture creation?
a. Innovation, organizational, environmental, and individual
b. Individual, funding, process, and innovation
c. Process, innovation, funding, and organizational
d. Individual, environmental, process, and organizational

ANSWER: a

45. Entrepreneurs will always be
a. a key factor in the stability of the small-business sector.
b. hindered by lack of funding.
c. the major source of job creation and innovation in any economy.
d. working within a public or private business.

ANSWER: c

46. In the evolutionary process of economic growth, _____ plays the crucial and indispensable role of providing the "social glue" that binds together both high-tech and "Main Street" activities.
a. entrepreneurship
b. supply or demand
c. the Internet
d. management

ANSWER: a

47. Entrepreneurs and gazelles have been credited with making disproportionate contributions to all but which of the following?

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a. Innovation
b. Job creation
c. Economic renewal
d. Unemployment

ANSWER: d

48. Which of the following is not a twenty-first-century trend in entrepreneurship?
a. Venture capital has increased, and angel financing is strong throughout the world.
b. There has been a declining growth of interest in entrepreneurship around the world.
c. Entrepreneurial education has increased as a topic of study.
d. Corporate entrepreneurship has had unprecedented popularity among the new generation of entrepreneurs.

ANSWER: b

49. Gazelles have been responsible for
a. some innovation.
b. nearly as many jobs as the entire U.S. economy.
c. 30 percent of all radical innovations.
d. limited innovations.

ANSWER: b

50. _____ is now embraced by the world.
a. Individuality
b. Capitalism
c. Voodoo economics
d. Free enterprise

ANSWER: d

51. The word entrepreneur is derived from the French entreprendre, which is translated as
a. to apprehend.
b. to undertake.
c. to compete.
d. to enter and dare.

ANSWER: b

52. Which of the following is not considered one of the six frameworks in the framework of frameworks approach?
a. Integrative
b. Collaborative
c. Process
d. Life cycle

ANSWER: b

53. What is the force that initiates and implements material progress?
a. Agent of change
b. Agent of progress

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c. Agent of innovation
d. Agent of inventions

ANSWER: a

54. The study of entrepreneurship is
a. based on the field of management.
b. based on the field of accounting.
c. based on the field of sociology.
d. interdisciplinary.

ANSWER: d

55. Which of the following economists first associated the "risk-bearing" activity in the economy with the entrepreneur?
a. Peter F. Drucker
b. Robert C. Ronstadt
c. Jean Baptiste Say
d. Richard Cantillon

ANSWER: d

56. Which of the following is not one of the chief characteristics of an entrepreneur?
a. Personal initiative
b. Ability to consolidate resources
c. Risk taking
d. Desire for control of people

ANSWER: d

57. Entrepreneurial traits include which of the following?
a. Salesmanship
b. Initiative
c. Wealth
d. Edginess

ANSWER: b

58. Robert C. Ronstadt put together a summary definition of entrepreneur that included which of the following key phrases?
a. The acceptance of risk of failure
b. The dynamic process of creating incremental wealth
c. The advantage of economic endowments
d. The phenomenon of leadership

ANSWER: b

59. With which of the following concepts is entrepreneurship considered synonymous?
a. Free enterprise
b. Socialism
c. Multimillion-dollar enterprises

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d. Partnership

ANSWER: a

60. What elements of the entrepreneurial process demonstrate that entrepreneurs are thinkers as well as doers?
a. The creation of clear and complete business plans
b. The ability to obtain financing for their new business
c. A portfolio of ideas and marketing pitches
d. Knowledge of past entrepreneurs and their experiences

ANSWER: a

61. The four dimensions of new-venture creation are
a. environmental, individual, market, and process.
b. process, institutional organizational, and environmental.
c. organizational, global, process, and individual.
d. individual, organizational, environmental, and process.

ANSWER: d

62. The corridor principle is best described by which of the following statements?
a. If at first you don't succeed, try, try, again.
b. Be in the right place at the right time.
c. With every new venture launched, new and unintended opportunities arise.
d. Luck happens when preparation meets opportunity.

ANSWER: c

63. Which of the following traits is not that of an entrepreneur?
a. Drive
b. Shyness
c. Willingness to take risks
d. Human relations skills

ANSWER: b

64. Why do some believe that entrepreneurs are academic and social misfits?
a. Some believe this as it is often the case.
b. Many entrepreneurs have dropped out of school.
c. This is an attempt to profile a typical entrepreneur.
d. These terms are an attempt to understand entrepreneurship.

ANSWER: c

65. Which of the following statements is not true?
a. Luck happens when preparation meets opportunity.
b. Entrepreneurs fare poorly in today's hypercompetitive market.
c. Failure due to lack of proper financing is often an indicator of other problems.
d. It takes more than just money to be a successful entrepreneur.

ANSWER: b

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66. Most entrepreneurs should be categorized as
    a. inventors.
    b. innovators.
    c. lucky.
    d. wealthy.

ANSWER: b

67. Entrepreneurs implement new ideas through what?
    a. Effort, time, money, or skills
    b. Time, money, skills, or resources
    c. Money, skills, resources, or effort
    d. Skills, effort, money, and resources

ANSWER: a

68. Which of the following economists wrote about entrepreneurship and its impact on economic development?
    a. Richard Dailey
    b. Joseph Schumpeter
    c. Paul Samuelson
    d. Robert McConnell

ANSWER: b

69. If one considers the frontier of business, what are entrepreneurs considered?
    a. Explorers
    b. Drivers
    c. Synergists
    d. Pioneers

ANSWER: d

70. Michael Gerber, the author of *The E-Myth*, contends that
    a. the entire field of study in entrepreneurship is a myth.
    b. there is no such thing as entrepreneurship.
    c. today's business owners are not true entrepreneurs.
    d. everybody in business is an entrepreneur.

ANSWER: c

71. Michael Gerber, the author of *The E-Myth*, explains that the failure of most small businesses is due to owners being more _____ than _____.
    a. technical; entrepreneurial
    b. managerial; technical
    c. entrepreneurial; managerial
    d. entrepreneurial; technical

ANSWER: a

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72. Entrepreneurs always
    a. start their business at a young age.
    b. quit school and devote themselves to being an entrepreneur.
    c. use credit cards to start their own businesses.
    d. enhance their entrepreneurial skills by studying entrepreneurship.

ANSWER: d

73. Recent research about entrepreneurs and new-venture creation has focused on all but which of the follow venture financing?
    a. Angel capital
    b. Crowdfunding
    c. Venture capital
    d. Tik Tok funding

ANSWER: d

74. The statement, "With every new venture launched, new and unintended opportunities often arise," would be associated with the _____ principle.
    a. entrepreneurial
    b. opportunity
    c. corridor
    d. Dilbert

ANSWER: c

75. Entrepreneurs themselves perceive the concept of risk in which of the following ways?
    a. Calculated risk taking
    b. Gambling risk
    c. Distorted risk taking
    d. Social risk

ANSWER: a

76. In entrepreneurial leadership, the capacity to lead is combined with which other capacity?
    a. The capacity to start a new business
    b. The capacity to find a new opportunity
    c. The capacity to take a risk and find funding
    d. The capacity to risk pursing innovative opportunities

ANSWER: d

77. Which of the following would not be a form in the content of modern entrepreneurship programs?
    a. Business basics in a new context
    b. Marketing of entrepreneurship
    c. Core entrepreneurial content
    d. Entrepreneurial mindset

ANSWER: b

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78. Most entrepreneurial ventures will become which type of organization?
    a. Small organizations
    b. Gazelles
    c. Unicorns
    d. Large organizations

ANSWER: a

79. Which of the following is not a micro view school of thought?
    a. Entrepreneurial trait school of thought
    b. Venture opportunity school of thought
    c. Strategic formulation school of thought
    d. Inherited business school of thought

ANSWER: d

80. Family businesses have been shown to make an immensely disproportionate contribution to which of the following?
    a. Job creation
    b. Interest rates
    c. Education
    d. Displacement

ANSWER: a

81. Why are women and minority entrepreneurs a growing theme in entrepreneurial research?
    a. Their numbers are declining.
    b. They are more likely to get funding.
    c. They tend to use resources in a more innovative manner.
    d. They face difficulties different from those that other entrepreneurs face.

ANSWER: d

82. The micro view is divided into which of the following three theories?
    a. Entrepreneurial, financial, and displacement
    b. Venture opportunity, entrepreneurial, and strategic
    c. Strategic, environmental, and opportunity
    d. Environmental, financial, and displacement

ANSWER: b

83. Which of the following is not a form of displacement in the displacement school of thought?
    a. Political
    b. Racial
    c. Economical
    d. Cultural

ANSWER: b

84. Leadership of entrepreneurship programs should define themselves as
    a. experienced entrepreneurs.

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b. academic entrepreneurs.
c. quality educators.
d. entrepreneurs of critical thinking.

ANSWER: b

85. Entrepreneurs who seek innovative solutions to world problems are often called
a. social entrepreneurs.
b. corporate entrepreneurs.
c. global entrepreneurs.
d. cognitive entrepreneurs.

ANSWER: a

86. Mountain gap strategies refer to unique
a. resources.
b. locations.
c. people.
d. markets.

ANSWER: d

87. The process approach to entrepreneurship seeks to
a. explain the process of obtaining patents.
b. model the various factors that characterize the entrepreneurial process.
c. explain intrapreneurship.
d. explain the process of obtaining venture capital.

ANSWER: b

88. The dynamic states model depicts ventures as being
a. dependent on their environment for survival.
b. independent of their environment.
c. dependent on their managerial talent.
d. independent of their managerial talent.

ANSWER: a

89. Describe entrepreneurs and entrepreneurship in today's marketplace.

ANSWER: Entrepreneurs are today's heroes and are individuals who recognize opportunities where others see chaos or confusion. They are aggressive catalysts for change within the marketplace. They have been compared to Olympic athletes challenging themselves to break new barriers, to long-distance runners dealing with the agony of the miles, to symphony orchestra conductors who balance the different skills and sounds into a cohesive whole, or to top-gun pilots who continually push the envelope of speed and daring. They start and create jobs at a breathtaking pace.

Entrepreneurship is an integrated concept that permeates an individual's business in an innovative manner. It is this perspective that has revolutionized the way business is conducted at every level and in every country. The revolution has begun in an economic sense, and the entrepreneurial perspective is the dominant force.

90. Describe the framework of frameworks approach to entrepreneurship.

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ANSWER: Much like the "multiple lens" approach that characterizes general management, the theories based on combinations can delve into some of the particular aspects of entrepreneurship with greater granularity. It can be noted that in regard to entrepreneurial decision making, "there are numerous opportunities for multilevel research to make a substantial contribution to the field of entrepreneurship."

This approach allows the profession to move forward identifying the static and dynamic elements of new theories, typologies, or frameworks that could be important and distinguishing for growth of knowledge bases in the fields.

91. Define gazelle, and discuss some ways that gazelles impact the economy.

ANSWER: New and smaller firms create the most jobs in the U.S. economy. The facts speak for themselves. The vast majority of these job-creating companies are fast-growing businesses. David Birch of Cognetics, Inc. has named these firms "gazelles." A gazelle, by Birch's definition, is a business establishment with at least 20 percent sales growth every year for 5 years starting with a base of at least $100,000.

The "gazelle factor" may be the most important finding in economic growth. Consider that, despite the continual downsizing in major corporations over the last decade, gazelles produced millions of jobs.

92. What are the three specific types of displacement? Briefly describe each.

ANSWER:

1. Political displacement—Caused by factors ranging from an entire political regime that rejects free enterprise (international government) to government regulations and policies that limit or redirect certain industries.
2. Cultural displacement—Deals with social groups precluded from professional fields. Ethnic background, religion, race, and sex are examples of factors that figure in the minority experience.
3. Economic displacement—Concerned with the economic variations of recession and depression. Job loss, capital shrinkage, or simply "bad times" can create a foundation for entrepreneurial pursuits.

93. What schools of thought use the macro view of entrepreneurship?

ANSWER: The macro view of entrepreneurship presents a broad array of factors. These include external factors, which sometimes cannot be controlled. In the macro view, the environmental school of thought deals with external factors that affect the possible lifestyle of the entrepreneur. Also under macro, the financial/capital school looks for seed and growth capital to develop the entrepreneur. The displacement school is the final macro view. It holds that the group affects or eliminates certain factors that project the individual into an entrepreneurial venture.

94. Describe the evolution of entrepreneurship, list the persons who wrote about it, and describe their impact on economic development.

ANSWER: Entrepreneur does not have a single definition, but we can see from the social and economic forces that existed long before the new millennium that the entrepreneurial spirit has driven many of humanity's achievements. Humanity's progress—from caves to campuses—has been explained many ways. Central to virtually all of these theories has been the role of the "agent of change," the force that initiates and implements material progress. Today, we recognize that the agent of change in human history has been the entrepreneur. Entrepreneurship was first recognized by Richard Cantillon in eighteenth-century France. He described an entrepreneur as someone who bears the risks of business. During the same time period, the Industrial Revolution was taking hold in England, and the entrepreneur was seen taking risks and transforming resources into products. Entrepreneurship has long been associated with economic development. Many definitions of entrepreneurship prior to 1950 came from economists such as Cantillon, Jean Baptiste Say (1803), and Joseph Schumpeter (1934). In the twentieth century, entrepreneurship has been associated with free enterprise and capitalism. Entrepreneurs generally are seen as people who provide creative and innovative ideas for

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businesses and help them grow and become profitable. Now, entrepreneurship is regarded as "pioneer ship" on the frontier of business.

95. Provide a comprehensive definition of entrepreneurship.

ANSWER: Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment by providing value for some product or service. The product or service itself may or may not be new or unique, but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.

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