Entrepreneurship 11th edition Hisrich Test Bank

SKU: 9781260043730-TEST-BANK

Entrepreneurship, 11e **(Hisrich)**
Chapter 2 Corporate Entrepreneurship

1) Developing a spirit of entrepreneurship within the existing organization, called corporate entrepreneurship, can lower resistance to flexibility, growth, and diversification.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

2) Entrepreneurial endeavors consist of new business venturing, innovativeness, self-renewal, and reactiveness.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

3) Corporate entrepreneurship is most strongly reflected in entrepreneurial activities as well as in top management orientations in organizations.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

4) Self-renewal includes the redefinition of the business concept, reorganization, and the introduction of system-wide changes to increase innovation.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

5) Internal corporate venturing consists of creating something new of value either by redefining the company's current products or services, developing new markets, or forming more formally autonomous or semiautonomous units or firms.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
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6) Traditionally managed firms commitment to opportunity is revolutionary with a long duration.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
Accessibility: Keyboard Navigation

7) Entrepreneurially managed firm structure is usually flat with multiple informal networks.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
Accessibility: Keyboard Navigation

8) Entrepreneurially run firms are driven by controlled resources whereas traditionally managed firms are driven by perception of opportunity.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
Accessibility: Keyboard Navigation

9) Entrepreneurs focus on how to minimize resources needed whereas traditional firms focus on accumulating resources.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
Accessibility: Keyboard Navigation

10) Traditionally managed firms typically punish failure.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
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11) Organizations that require a rapid return on investment and a high sales volume usually encourage and support new ideas.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

12) In encouraging a culture for corporate entrepreneurship, using older, proven, technology is recommended in order to increase stability in the organization.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

13) In creating a culture for corporate entrepreneurship leadership is important.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

14) Most managers in a corporation are capable of being successful corporate entrepreneurs with the correct training.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

15) In an encouraging climate for corporate entrepreneurship, rewards should be based on the attainment of established performance goals.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
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16) In corporate entrepreneurship, trial and error are encouraged.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

17) It is important for an entrepreneur to understand all aspects of the environment. Part of this ability is reflected in the individual's level of creativity, which generally increases with age and education in most individuals.

Answer: FALSE
Difficulty: 3 Hard
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

18) The corporate entrepreneur encourages teamwork and uses a multidisciplined approach, which violates organizational practices and structures taught in most business schools.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

19) For an organization with a traditional environment, it is best to facilitate an external process to establish an entrepreneurial environment.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

20) An organization that wants to become more entrepreneurial must learn to be more productive with fewer resources.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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21) Entrepreneurial activities tend to immediately affect the bottom line, and hence are seldom overlooked and receive extensive funding and support.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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22) Corporate ventures are totally independent units, hence the equity portion of the compensation is particularly difficult to handle.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

23) One study found that new ventures started within a corporation performed better than those started independently by entrepreneurs.

Answer: FALSE
Difficulty: 1 Easy
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

24) Generally, independent, venture-capital-based start-ups by entrepreneurs tend to outperform corporate start-ups significantly.

Answer: TRUE
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

25) A dual process model of coping with negative emotions is an approach to negative emotions based on both avoidance and a proactiveness toward secondary sources of stress arising from a major loss.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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26) An entrepreneur with loss-orientation would talk about the business-failure with a close friend or relative.

Answer: TRUE
Difficulty: 1 Easy
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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27) An entrepreneur's recovery from grief is detrimental to society.

Answer: FALSE
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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28) _____ includes a redefinition of the business concept, reorganization, and the introduction of system-wide changes to increase innovation.
A) Innovativeness
B) New business venturing
C) Self-renewal
D) Proactiveness

Answer: C
Difficulty: 1 Easy
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
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29) Entrepreneurial activities that create something new of value either by redefining the company's current products or services, developing new markets, or forming more formally autonomous or semiautonomous units or firms best defines:
A) new business venturing.
B) proactiveness.
C) innovativeness.
D) self-renewal.

Answer: A
Difficulty: 1 Easy
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
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30) Corporate entrepreneurship is best described as:
A) the hiring of former entrepreneurs.
B) entrepreneurial action within an established organization.
C) the process of buying, or acquiring, entrepreneurial firms.
D) the process of hiring consultants to teach a firm how to be more creative.

Answer: B
Difficulty: 1 Easy
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

31) _____ includes initiative and risk taking, as well as competitive aggressiveness and boldness.
A) New business venturing
B) Self-renewal
C) Innovativeness
D) Proactiveness

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
Accessibility: Keyboard Navigation

32) New product development falls under which of the four major components of corporate entrepreneurship?
A) New business venturing
B) Self-renewal
C) Innovativeness
D) Proactiveness

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
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33) With regard to the differences between the entrepreneurial and administrative focuses which of the following is correct?
A) Entrepreneurs focus on slow steady growth and managers focus on rapid growth
B) Entrepreneurs rent or sporadically use resources; managers like to own resources
C) Entrepreneurs are driven by controlled resources; managers by opportunity
D) Entrepreneurs tend to use a hierarchical management structure; managers use a more fluid, flat approach

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
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34) Having an entrepreneurial orientation toward the control of resources means:
A) that one focuses on accessing others' resources.
B) that one focuses on purchasing resources.
C) that one has a belief that resources are unlimited and therefore easy to obtain.
D) that one focuses on using a hierarchy management structure in allocating resources.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
Accessibility: Keyboard Navigation

35) Entrepreneurial culture and growth orientation consists of all of the following *except*:
A) encouraging employees to generate ideas.
B) focusing on opportunities.
C) the desire to grow at a slow and controlled pace.
D) being creative.

Answer: C
Difficulty: 1 Easy
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
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36) All these are characteristics of an entrepreneurial environment *except*:
A) there are short term horizons.
B) new ideas are encouraged.
C) the organization operates on frontiers of technology.
D) it uses a multidiscipline teamwork approach.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

37) Which of the following is true about corporate entrepreneurship?
A) Equity in a new venture should not be used as a reward due to its uncertain value
B) A company must be willing to invest money without a guarantee of a return in the short term
C) Teams should be segmented by department
D) Top management should not be involved in the process

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

38) Which of the following is *not* a leadership characteristic of a corporate entrepreneur according to the text?
A) Flexibility and vision
B) Persistence
C) Encourages teamwork
D) Encourages colleagues to follow hierarchy

Answer: D
Difficulty: 1 Easy
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
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39) The first step in establishing corporate entrepreneurship in an organization is:
A) finding mid-level managers to champion ideas
B) developing ways to get closer to customers
C) learn to be more productive with fewer resources
D) securing commitment from top management

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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40) A sufficient time for top management to be committed to corporate entrepreneurship is:
A) at least one year.
B) at least two years.
C) at least three years.
D) at least ten years.

Answer: C
Difficulty: 1 Easy
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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41) Which of the following would *not* occur in the second stage of establishing corporate entrepreneurship in an organization?
A) Ideas that top management is interested in supporting are identified.
B) Identify an evaluation system for involved employees.
C) The amount of risk money available is specified.
D) Overall program expectations and target results of each corporate venture are established.

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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42) When establishing corporate entrepreneurship in an organization rewards should:
A) be tied to the department in which the idea originated
B) be tied to the parent company's stock performance
C) be tied to the performance of the entrepreneurial unit created from the idea
D) not be changed from whatever current system is being used so that risk is encouraged

Answer: C
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

43) Which of the following is true?
A) Independent, venture-capital-based start-ups by entrepreneurs tend to outperform corporate start-ups significantly.
B) New ventures started within a corporation performed better than those started independently by entrepreneurs.
C) Independent entrepreneurs find difficulty in maintaining a long-term commitment.
D) Corporate ventures become profitable twice as fast as independent ventures.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
Accessibility: Keyboard Navigation

44) When would an entrepreneur be pronounced to have recovered from the grief of a lost business?
A) On the availability of equally challenging entrepreneurial opportunities
B) Upon a simultaneous engagement in an analysis of the failed business
C) On having evaluated and absorbed the lessons learnt from the failed business
D) When thoughts about the events surrounding, and leading up to the loss of the business, no longer generate a negative emotional response

Answer: D
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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45) Which of the following statements is *not* true of the loss orientation approach to negative emotions?
A) Loss orientation is based on both avoidance and proactiveness.
B) Loss orientation involves working through, and processing, some aspect of the loss experience.
C) Loss orientation breaks emotional bonds to the object lost.
D) Loss orientation focuses on the loss event to create an account of the failure.

Answer: A
Difficulty: 1 Easy
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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46) Which of the following statements is *not* true of the restoration orientation approach to negative emotions?
A) The restoration orientation approach is based on avoidance and proactiveness toward secondary sources of stress.
B) The restoration orientation approach requires oscillating between two alternate approaches to loss.
C) The restoration orientation approach involves distracting oneself from thinking about the failure.
D) The restoration orientation approach focuses one's energy on addressing problems that arise as a result of the failure.

Answer: B
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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47) Which of the following is a practical implication of using the dual process of learning from failure?
A) Recovery from loss offers an opportunity to increase one's knowledge of entrepreneurship.
B) Distracting oneself from thinking about the failure reduces the long-term level of negative emotions.
C) Allocating attention to the events surrounding the failure provide little opportunity to learn.
D) The recovery process can be enhanced by focusing on either loss orientation or restoration orientation.

Answer: A
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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48) Which of the following is *most* effective in grief-recovery?
A) Restoration-orientation
B) Loss-orientation
C) Dual process
D) Grief recovery process

Answer: C
Difficulty: 1 Easy
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
Accessibility: Keyboard Navigation

49) Identify and briefly describe the four key elements of corporate entrepreneurship.

Answer: 1. New business venturing: These entrepreneurial activities consist of creating something new of value either by redefining the company's current products or services, developing new markets, or forming more formally autonomous or semiautonomous units or firms.

2. Organizational innovativeness refers to product and service innovation. It includes new product development, product improvements, and new production methods and procedures.

3. Self-renewal is the transformation of an organization through the renewal of the key ideas on which it is built. Self-renewal includes a redefinition of the business concept, reorganization, and the introduction of system wide changes to increase innovation.

4. Proactiveness includes initiative and risk taking, as well as competitive aggressiveness and boldness, which are particularly reflected in the orientations and activities of top management. A proactive organization tends to take risks by conducting experiments; it also takes initiative and is bold and aggressive in pursuing opportunities. Organizations with this proactive spirit attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques.
Difficulty: 2 Medium
Learning Objective: 02-01 To understand the causes of interest in corporate entrepreneurship.
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50) Discuss three major ways in which managerial and entrepreneurial decision making differs.

Answer: Eight areas of difference students can choose from:

1. strategic orientation

2. commitment to opportunity

3. commitment of resources

4. control of resources

5. management structure

6. reward philosophy

7. growth orientation

8. entrepreneurial culture

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Basic differences in each dimension:

TABLE 2.1 Distinguishing Entreprenuerially from Traditionally Managed Firms

Entreprenuerial Focus	Conceptual Dimension	Administrative Focus
Driven by perception of opportunity	Strategic orientation	Driven by controlled resources
Revolutionary with short duration	Commitment to opportunity	Evolutionary with long duration
Many stages with minimal exposure	Commitment of resources	A single stage with complete commitment out of decision
Episodic use or rent of required resoures	Control of resources	Owndership or eo\mployment of required resources
Flat with multiple informal networks	Management structure	Hierarchy
Based on value creation	Reward philosophy	Based on responsibility and seniority
Rapid growth is top priority; risk accepted to achieve growth	Growth orientation	Safe, slow, and steady
Promoting broad search for opportunities	Entrepreneurial culture	Opportunity search restricted by controlled resources; failure punished

Source: This table is taken from T. Brown, P. Davidsson, and J. Wiklund, "An Operationalization of Stevenson's Conceptualization of Entrepreneurship as Opportunity-Based Firm Behavior," *Strategic Management Journal* 22 (2001), p. 955.
Difficulty: 2 Medium
Learning Objective: 02-02 To introduce the entrepreneurial mode of managing firms and distinguish it from the traditional mode.
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51) Identify five of the twelve characteristics of an entrepreneurial environment.

TABLE 2.3 Characteristics of an Entrepreneurial Environment

- Organization operates on frontiers of technology
- New ideas encouraged
- Trial and error encouraged
- Failures allowed
- No opportunity parameters
- Resources available and accessible
- Multidiscipline teamwork approach
- Long time horizon
- Volunteer program
- Appropriate reward system
- Sponsors and champions available
- Support of top management

Students can choose five of the twelve from table 2.3 above.

Answer: Answers will vary.
Difficulty: 2 Medium
Learning Objective: 02-03 To provide a scale for capturing the extent to which management adopts entrepreneurial or traditional behaviors.
Accessibility: Keyboard Navigation

52) An organization wanting to establish a more entrepreneurial firm must implement a procedure for its creation. Identify and briefly explain the first three steps of the process.

Answer: The first step in this process is to secure a commitment to corporate entrepreneurship in the organization by top and middle management levels. Without top management commitment, the organization will never be able to go through all the cultural changes necessary for implementation.

Second, ideas and general areas that top management is interested in supporting should be identified, along with the amount of risk money that is available to develop the concept further. It is also useful to establish overall program expectations and the target results of each corporate venture.

Third, a company needs to use technology to make itself more flexible. Small companies can compete against larger companies. Larger companies can make themselves responsive and flexible like smaller firms.
Difficulty: 2 Medium
Learning Objective: 02-04 To discuss how established firms can develop an entrepreneurial culture and the challenges of doing so.
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53) Define and explain the dual process model of coping with negative emotions.

Answer: Student should define process as shifting between a loss orientation and a restoration orientation. The student should also explain the two alternate approaches to loss:

loss orientation An approach to negative emotions that involves working through, and processing, some aspect of the loss experience and, as a result of this process, breaking emotional bonds to the object lost.

restoration orientation An approach to negative emotions based on both avoidance and a proactiveness toward secondary sources of stress arising from a major loss.

The entrepreneur can benefit from both orientations while minimizing the costs of maintaining either for too long.
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
Accessibility: Keyboard Navigation

54) Explain the benefits, or practical implications, of using the dual process model of coping with negative emotions.

Answer:
1. Helps to reduce feelings of shame and embarrassment.

2. Realizing that psychological and physiological outcomes caused by the feelings of loss are "symptoms" can reduce secondary sources of stress and may also assist with the choice of treatment.

3. Understanding that there is a process can provide entrepreneurs some comfort that their current feelings of loss, sadness, and helplessness will eventually diminish.

4. The recovery and learning process can be enhanced by some degree of oscillation between a loss orientation and a restoration orientation.

5. Recovery from loss offers an opportunity to increase one's knowledge of entrepreneurship. This provides benefits to the individual and society.
Difficulty: 2 Medium
Learning Objective: 02-05 To acknowledge that projects fail and people feel bad about it, and to introduce the dual process model for maximizing learning from failure experiences.
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