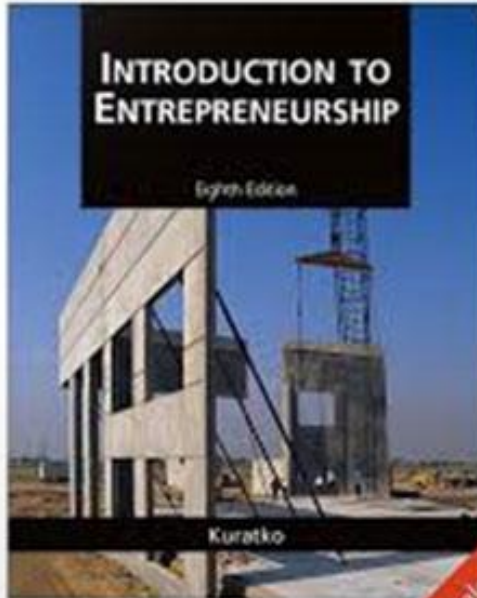


# TEST BANK

INTERNATIONAL STUDENT EDITION

## INTRODUCTION TO ENTREPRENEURSHIP

13th Edition



Kuratko

Not for Sale in the  
United States

## CHAPTER 2: THE ENTREPRENEURIAL MINDSET IN INDIVIDUALS

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### TRUE/FALSE

1. Each and every person has the potential and free choice to pursue a career as an entrepreneur.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

2. The generation of the 21st century may become known as generation E because they are becoming the most entrepreneurial generation since the Industrial Revolution.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

3. Determining a person's "entrepreneurial perspective" is an exact science.

ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

4. Entrepreneurs are pessimists who see the cup half empty, rather than half full.

ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

5. The Academy of Management Review is an example of a journal used in entrepreneurial research.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

6. Government publications are used in researching small business.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 30

7. Inexperience and incompetent management are the main reasons for failure.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

8. Good entrepreneurs seek feedback from others.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 31

9. A good trait for an entrepreneur is to be a calculated risk taker.

ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 31

10. Most successful entrepreneurs have failed at one time or another.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 31
11. Entrepreneurs do not need foresight.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 31
12. Entrepreneurs typically have enough confidence to believe that they can make a difference in the final outcome of their ventures.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29
13. Publications, direct observation, speeches and presentations are all major sources of information that supply data related to the entrepreneurial perspective.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29-30
14. There are less than five types of printed research resources available on entrepreneur characteristics.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 30
15. Commitment, determination, and perseverance are the only characteristics one needs to become a successful entrepreneur.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 30
16. Creativity was once regarded as an exclusively inherited trait.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 34
17. Selfishness and a need for power are two characteristics common in entrepreneurs.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 30
18. Successful entrepreneurs fear failure the same way all people do.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 32
19. Entrepreneurs are fiercely independent but understand the need for a strong entrepreneurial team.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 36

20. Entrepreneurs usually have an internal locus of control.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 34
21. There are many risks in entrepreneurship.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 34
22. There is a certain psychic risk involved with entrepreneurship.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 39
23. There are four causes of entrepreneurial stress.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 40
24. Immersion in business can be cured by limiting work to an eight hour day.  
ANS: F                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 41
25. The need to achieve can be a source of stress for entrepreneurs.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 40
26. Stress on the entrepreneur can be caused both internally and by other people.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 41
27. The entrepreneur is driven by a strong desire for control over their venture.  
ANS: T                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 42
28. The “dark side” of entrepreneurship refers to the stress that entrepreneur’s experience.  
ANS: F                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 38
29. Entrepreneurs always know that they as individuals must remain less important than the venture.  
ANS: F                   PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts           KEY: pg 44

30. Entrepreneurs like to remain alert to competition, customers, and government regulations, but this continual scanning of the environment can lead to a negative sense of distrust.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 42
31. Entrepreneurs are often unrealistically optimistic.
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 44
32. Lanny Harron and Harry Sapienza stated, “Because motivation plays an important part in the creation of new organizations, theories of organization creation that fail to address this notion are incomplete.”
- ANS: T                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 44
33. According to the Model of Entrepreneurship Motivation, the entrepreneur’s expectations are not compared with the actual or perceived outcomes of the firm.
- ANS: F                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 45

### MULTIPLE CHOICE

1. Every person has the \_\_\_\_\_ and \_\_\_\_\_ to pursue a career as an entrepreneur
- a. stubbornness; stupidity                      c. rights; regulations  
b. potential; free choice                      d. obligation; duty
- ANS: B                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29
2. Sources of information available to entrepreneurs include
- a. journals.                      c. casual conversation.  
b. moonlighting in another job.                      d. attending civic events.
- ANS: A                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29
3. Entrepreneurs
- a. are driven by intense commitment and perseverance.  
b. are egomaniacs.  
c. loners who never fit in to typical firms.  
d. are never satisfied.
- ANS: A                      PTS: 1  
NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29
4. Which source of information about entrepreneurial characteristics is direct observation?
- a. Biographies and entrepreneurs                      c. Books about entrepreneurs  
b. Empirical research                      d. Television biographies

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 30

5. Which is not a source of entrepreneurship research?
- a. textbooks
  - b. biographies
  - c. conferences
  - d. water cooler conversation

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 29

6. Biographies, journals, and periodicals are examples of what research source?
- a. direct observations
  - b. publications
  - c. presentations
  - d. primary research

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 29

7. Characteristics often attributed to the Entrepreneur include:
- a. Commitment, determination, and perseverance
  - b. Prefers to be a loner
  - c. Power hungry
  - d. Ability to be indecisive

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 30

8. Which is not a trait of a successful entrepreneur?
- a. desire to achieve
  - b. initiative
  - c. innovation
  - d. trouble fitting in

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 30

9. Entrepreneurs with a drive to achieve want to
- a. compete.
  - b. watch others succeed.
  - c. take great risks.
  - d. control and dominate.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 32

10. Which of the following is not a trait of successful entrepreneurs?
- a. initiative
  - b. frustration
  - c. perseverance
  - d. strategic thinking

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 30

11. With persistent problem solving, entrepreneurs
- a. must daydream all day.
  - b. can't multi-task.
  - c. think anything is possible.
  - d. are always working.

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 33

12. One could correlate \_\_\_\_\_ with a high energy level.

- a. creativity
- b. working
- c. luck
- d. reading

ANS: A                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 34

13. For entrepreneurs, vision describes

- a. where the entrepreneur wants to go.
- b. eyesight.
- c. people.
- d. the future.

ANS: A                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 36

14. Team building

- a. involves including qualified people in the venture.
- b. does not threaten the entrepreneur's autonomy.
- c. does nothing.
- d. is overrated.

ANS: A                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 36

15. A clear pattern among successful entrepreneurs is

- a. setting goals that are just out of reach.
- b. the fear of failure common to all people.
- c. their focus on opportunity rather than resources.
- d. not fitting in to traditional organizations.

ANS: C                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 32

16. Which of the following is a false statement about entrepreneurs?

- a. They burn with the competitive desire to excel.
- b. They see the cup half full rather than half empty.
- c. They do not use failure as a tool for learning.
- d. They are achievers.

ANS: C                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

17. Which of the following publications deal with research methodology and are tightly structured?

- a. technical and professional journals
- b. textbooks on entrepreneurs
- c. news periodicals
- d. trade journals

ANS: A                      PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                      KEY: pg 29

18. Which is not a source of information in an entrepreneurial profile?

- a. publications
- b. direct observation of practicing entrepreneurs
- c. word of mouth
- d. speeches and presentations

ANS: C                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 29

19. One factor not found in high achievers is
- a. responsibility.
  - b. failure to listen to feedback.
  - c. moderate risk taking.
  - d. high risk taking.

ANS: B                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 33

20. Which of the following is not a common characteristic of entrepreneurs?
- a. vision
  - b. team building
  - c. lack of motivational drive
  - d. independence

ANS: C                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 34

21. Which of the following statements is false?
- a. Entrepreneurs are born with the skills necessary to manage a business.
  - b. Their belief in their ability seldom wavers.
  - c. Independence is a driving force behind contemporary entrepreneurs.
  - d. Entrepreneurs know where they want to go.

ANS: A                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 32; 36

22. Which of the following is a true statement about team building?
- a. Most successful entrepreneurs have highly qualified teams that handle everything having to do with the development of the venture.
  - b. Compared to the owner, personnel are often more qualified to handle day-to-day implementation challenges.
  - c. The entrepreneur has the clearest vision in the firm.
  - d. The entrepreneur needs a competent team to implement an idea.

ANS: D                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 36

23. Which of the following statements is false?
- a. Entrepreneurs want the authority to make important decisions.
  - b. Management skills are not important characteristics for entrepreneurs to possess.
  - c. Successful entrepreneurs strive to build a successful team around them.
  - d. An entrepreneur can develop the vision of the company over time.

ANS: B                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 29

24. When entrepreneurs believe that their accomplishments and setbacks are within their own control and influence, they are exhibiting
- a. persistent problem-solving.
  - b. internal locus of control.
  - c. external locus of control.
  - d. opportunity orientation.

ANS: B                    PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                    KEY: pg 34



25. If an entrepreneur believes in himself/herself and that their accomplishments and setbacks are within their own control, they possess a (n) \_\_\_\_\_ .
- confidence level higher than most entrepreneurs
  - internal locus of control
  - cockiness level too high to be an entrepreneur
  - high energy level

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 34

26. Which of the following is not associated with an entrepreneur seeking feedback?
- entrepreneurs want to belittle their competition
  - entrepreneurs seek to learn from their competitors
  - entrepreneurs want to improve
  - entrepreneurs have a strong desire to know how well they are doing

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 33

27. One trait not common in entrepreneurs is:
- entrepreneurs are problem solvers
  - entrepreneurs are creative and innovative
  - entrepreneurs need structure
  - entrepreneurs are independent, yet like to build strong teams

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 34

28. What characteristic(s) that propel entrepreneurs into success can be exhibited to the “extreme”?
- Overbearing need for control
  - Optimism
  - High energy
  - Desire for success
  - Perseverance

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 42

29. Areas of risk to the entrepreneur include
- |                              |                               |
|------------------------------|-------------------------------|
| a. career, family, psychic.  | c. psychic, social, physical. |
| b. family, business, social. | d. financial, product, market |

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 40

30. With psychic risk you fear
- |                       |              |
|-----------------------|--------------|
| a. losing your sanity | c. money     |
| b. failure.           | d. adapting. |

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 39

31. Which of the statements below is not a risk faced by entrepreneurs?
- |                   |                  |
|-------------------|------------------|
| a. financial risk | c. business risk |
|-------------------|------------------|



ANS: A                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 40

39. Which of the following is not a way to combat stress?
- a. acknowledging its existence
  - b. ignoring coping mechanisms
  - c. probing personal unacknowledged needs
  - d. taking a few days off

ANS: B                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 40

40. The four major causes of entrepreneurial stress are
- a. loneliness, immersion in business, people, need to achieve.
  - b. people, size of business, need to achieve, fear.
  - c. fear, failure, pressure, competition.
  - d. drive for success, loneliness, fear, competition.

ANS: A                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 40

41. The best antidote for relieving the stress involved with total immersion in business is
- a. networking.
  - b. getting away from it all.
  - c. finding satisfaction outside the company.
  - d. delegating.

ANS: B                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 41

42. Entrepreneurial stress can be caused by having a type A personality which can be defined as
- a. having a chronic sense of time urgency
  - b. taking too little responsibility
  - c. getting away from business
  - d. taking things personally

ANS: A                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 40

43. According to the text, what is the most ironic type of stress?
- a. loneliness
  - b. immersion in business
  - c. people problems
  - d. need to achieve

ANS: B                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 40

44. The entrepreneurial ego can cause the entrepreneur to
- a. have a sense of pessimism.
  - b. take characteristics that usually lead to success to the extreme.
  - c. ignore government regulations.
  - d. take too few risks.

ANS: B                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts                   KEY: pg 42

45. Entrepreneurs with a sense of distrust
- a. scan the environment.
  - b. examine the business.
  - c. ignore everything.
  - d. become fearful.

ANS: A                   PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 42

46. Which of the following is an aspect of the “dark side” of entrepreneurship?
- a. a need for control
  - b. a sense of distrust
  - c. both a and b
  - d. bouts of euphoria

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 42

47. Which of the following is not one of the four major traits that characterize the “dark side” of entrepreneurs?
- a. an external optimism
  - b. a desire for success
  - c. knowing when to take a vacation
  - d. a sense of distrust

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 42

48. The “dark side” of entrepreneurship refers to
- a. a destructive force within the energetic drive of entrepreneurs.
  - b. the part of entrepreneurship that is most exciting.
  - c. a misunderstanding about the results of entrepreneurship.
  - d. another myth of entrepreneurship.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 38

49. \_\_\_\_\_ was credited with stating, “Individuals are, after all, the energizers of the entrepreneurial process.”
- a. Lanny Herron
  - b. Max DePree
  - c. Bradley Johnson
  - d. Steven Covey

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 44

50. The decision to behave entrepreneurially is the result of the interaction of:
- a. the individual’s personal entrepreneurial mindset and an opportunity
  - b. the existence of a viable business idea
  - c. the relevant business environment
  - d. a new market

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 44

51. When outcomes meet or exceed expectations, \_\_\_\_\_ is positively reinforced.
- a. entrepreneurial behavior
  - b. entrepreneurial motivation
  - c. desire for success
  - d. entrepreneurial ego

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 44

52. Which is not a factor in the Model of Entrepreneurial Motivation?
- a. the entrepreneur’s outcomes meet their expectations
  - b. personal goals are met
  - c. implementation of the entrepreneurial plan meet the entrepreneurs outcome perceptions

d. wining awards

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 45

53. According to the Model of Entrepreneurial Motivation, when outcomes meet or exceed expectations, the \_\_\_\_\_ is positively reinforced, and the individual is motivated to continue to behave entrepreneurially.
- a. stressful behavior
  - b. entrepreneurial behavior
  - c. the dark side
  - d. unrealistic optimism

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | Motivation Concepts KEY: pg 44

## SHORT ANSWER

1. Name the three sources of research on entrepreneurs and explain five entrepreneurial characteristics that you feel are important.

ANS:

The three sources of research are publications, direct observations, and speeches or presentations. Publications include both research-based and popular sources. Direct observation is done through interviews, surveys, and case studies. Speeches and presentations are given by practicing entrepreneurs. Characteristics that are important to one individual may not be the same characteristics that are important to another. One characteristic is the drive to achieve.

PTS: 1 NAT: AACSB Reflective Thinking | Motivation Concepts

2. Explain and discuss the “dark side” of entrepreneurship.

ANS:

The entrepreneurial profile has its destructive side. First, the need for control can become an obsession. The need for control can cause problems in networking and in an entrepreneurial team. A sense of distrust can cause the entrepreneur to lose sight of reality or focus on trivial things. An entrepreneur’s desire for success can also be destructive if the individual becomes more important than the venture itself. The last “dark side” trait is external optimism. When the entrepreneur takes optimism to the extreme, he or she may begin using a fantasy approach to the business. Trends, facts, and reports are ignored because the entrepreneur thinks everything will turn out fine.

PTS: 1 NAT: AACSB Reflective Thinking | Motivation Concepts

3. Discuss the specific areas of entrepreneurial risk.

ANS:

The four areas of risk are financial risk, career risk, family and social risk, and psychic risk. First, financial risk deals with the amount of savings or resources that the entrepreneur puts into venture. If the venture is not successful, the money or resources will most likely be lost. The entrepreneur will probably sign obligations that exceed his or her personal wealth. The second risk is career. The would-be entrepreneur frequently asks if he or she will be able to find a job or go back to a previous job. The new venture has no guarantees about career security. Family and social risk are also to be considered.

PTS: 1 NAT: AACSB Reflective Thinking | Motivation Concepts

4. Name the sources of entrepreneurial stress and discuss the ways of dealing with stress.

ANS:

Entrepreneurs experience four types of stress. The first is loneliness. Although there are many people around the entrepreneur, there are few in whom he can confide. Another stress is immersion in business. A successful entrepreneur may make enough money for vacations, but never have the time to go because the business would not allow it. People problems are another type of stress. The entrepreneur may get frustrated, disappointed, and aggravated by employees or other individuals upon whom the venture's work depends. Usually this happens when the entrepreneur's expectations of a high performance are not met. The last source of stress is the need to achieve. The entrepreneur usually attempts to accomplish too much and sometimes cannot manage to control the need for achievement. The three steps an entrepreneur can take to reduce stress are acknowledging its existence, developing coping mechanisms, and probing for personal unacknowledged needs. There are five ways in which an entrepreneur can cope with stress. First is networking. Networking involves sharing experiences with other business owners. Another coping mechanism is to get away from it all. These interludes help combat immersion in business. Communicating with subordinates may help to cope with stress. The entrepreneur can be aware of the concerns employees have about their jobs.

Finding satisfaction outside of the company is also important. The entrepreneur needs to get away and enjoy life. The last way an entrepreneur can deal with stress is by delegating. Appropriate delegates need to be found and trained so the entrepreneur can gain time away from the business.

PTS: 1 NAT: AACSB Reflective Thinking | Motivation Concepts