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| --- |
| **True / False** |

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| 1. Entrepreneurship is a form of creative destruction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | Profile 1.1 | |

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| 2. ​The entrepreneurial mindset cannot be found within large corporations or socially responsible nonprofit organizations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | Profile 1.1 | |

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| 3. Entrepreneurship can be found in some form in every country, race, age group, and (increasingly) in women as often as in men.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 4. Entrepreneurial ventures are *not* responsible for significant job creation.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 5. Entrepreneurial ventures and small businesses are related, but they are not the same in most respects.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 6. ​The vital issue for entrepreneurs is not avoiding failure but minimizing the cost of a possible failure.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.2 The Nature of Entrepreneurial Startups | |

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| 7. The term *entrepreneur* has been in popular use for more than 100 years.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial | |

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| 8. Economic turmoil has a plus side because it produces opportunities for entrepreneurs who are comfortable with environmental factors outside their control.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial | |

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| 9. Entrepreneurial ventures are responsible for job creation that is disproportionate to the net total new jobs created in the U.S. over the past 25 years.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 10. The time prior to a firm's birth is called the *fuzzy front end.*   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| --- |
| **Multiple Choice** |

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| 11. ​As entrepreneurial firms achieve noticeable levels of success and a new industry grows, it generally becomes more \_\_\_\_ as a result of so many firms competing for position.   |  |  |  | | --- | --- | --- | |  | a. | ​stable | |  | b. | ​unstable | |  | c. | ​consolidated | |  | d. | ​fragmented | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 12. \_\_\_\_ entrepreneurship is characteristic of small lifestyle businesses.​   |  |  |  | | --- | --- | --- | |  | a. | ​Replicative | |  | b. | ​Innovative | |  | c. | ​Local | |  | d. | ​Fragmented | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 13. The \_\_\_\_ has been called the Decade of Entrepreneurship.​   |  |  |  | | --- | --- | --- | |  | a. | ​1950s | |  | b. | ​1960s | |  | c. | ​1970s | |  | d. | ​1980s | |  | e. | ​1990s |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial | |

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| 14. New trends in entrepreneurship are.​   |  |  |  | | --- | --- | --- | |  | a. | ​Digital anonymity | |  | b. | ​Domestic manufacturing | |  | c. | ​Big data | |  | d. | ​the lean startup movement | |  | e. | ​All of these are correct. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.4 Current Entrepreneurial Trends | |

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| 15. “Digital Anonymity” means.​   |  |  |  | | --- | --- | --- | |  | a. | ​Indiscriminate sharing of personal information on social networks | |  | b. | ​NSA leaks | |  | c. | ​Use of Snapchat servers | |  | d. | ​An online experience that can be deleted and secure | |  | e. | ​None of these choices. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.4 Current Entrepreneurial Trends | |

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| 16. Price water house Coopers is optimistic that:​   |  |  |  | | --- | --- | --- | |  | a. | ​social marketing is trending upward | |  | b. | ​social mingling has taken root | |  | c. | ​manufacturing in the U.S. may be on the rise | |  | d. | ​Blogging by entrepreneurs is taking off | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.4 Current Entrepreneurial Trends | |

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| 17. The late 1990s brought the "dot com" bubble and the rush of the \_\_\_\_ community to position itself for what appeared to be a new way of doing business.​   |  |  |  | | --- | --- | --- | |  | a. | ​venture capital | |  | b. | ​technology | |  | c. | ​knowledge | |  | d. | ​educational | |  | e. | ​global |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial | |

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| 18. ​Entrepreneurship provides many benefits to society, chiefly \_\_\_\_, new industry formation, and \_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | ​new technologies / new markets | |  | b. | ​economic growth / job creation | |  | c. | ​job creation / diversity | |  | d. | ​economic growth / new technologies | |  | e. | ​globalization / new markets |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 19. ​During the Decade of entrepreneurship, the work of Paul Romer identified this as a critical element of a growth model that responds to market incentives. .   |  |  |  | | --- | --- | --- | |  | a. | ​Capital | |  | b. | ​Labor | |  | c. | ​Technological change | |  | d. | ​Incentives | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 20. An example of new industry formation, Apple’s iPhone, introduced on January 9, 2007, spurred the development of this new industry:   |  |  |  | | --- | --- | --- | |  | a. | ​The smart phone improvement industry | |  | b. | ​The mobile app industry | |  | c. | ​The pay-as-you-go-cell phone industry | |  | d. | ​The development of scratch-proof screens industry | |  | e. | ​The Android industry |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 21. Early economists recognized that \_\_\_\_ is the primary force behind rising standards of living and that \_\_\_\_ innovation would determine the success of many nations in the future.   |  |  |  | | --- | --- | --- | |  | a. | ​technology / technological | |  | b. | ​labor / growth | |  | c. | ​manufacturing / distribution | |  | d. | ​industry formation / job | |  | e. | ​economic growth / invention |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 22. Paul Romer asserted that technological change happens when am entrepreneur identifies:   |  |  |  | | --- | --- | --- | |  | a. | ​New customer segments | |  | b. | ​New customer needs | |  | c. | ​Existing customer needs that have not been satisfied | |  | d. | ​New ways of manufacturing and distributing products and services | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 23. The annual Global Entrepreneurship Monitor divides countries into three groups based on where the country stands in terms of growth. In 2013, these three categories were:​   |  |  |  | | --- | --- | --- | |  | a. | ​Innovation-driven economies | |  | b. | ​Efficiency-driven economics | |  | c. | ​Inertia-driven economies | |  | d. | ​Factor-driven economies | |  | e. | ​A, b and d only |  |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 24. ​New industries are born when technological change produces a/an \_\_\_\_ opportunity that an enterprising entrepreneur seizes.   |  |  |  | | --- | --- | --- | |  | a. | ​investment | |  | b. | ​novel | |  | c. | ​crucial | |  | d. | ​successful | |  | e. | ​efficient |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 25. ​Zambia and Nigeria have \_\_\_\_ economies.   |  |  |  | | --- | --- | --- | |  | a. | production-driven​ | |  | b. | ​factor-driven | |  | c. | ​efficiency-driven | |  | d. | ​innovation-driven | |  | e. | ​entrepreneurial |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 26. ​The Small Business Administration (SBA) defines a small business as one with fewer than \_\_\_\_ employees.   |  |  |  | | --- | --- | --- | |  | a. | ​250 | |  | b. | ​385 | |  | c. | ​500 | |  | d. | ​600 | |  | e. | ​700 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 27. ​Entrepreneurs typically have a vision of where they want their businesses to go, and generally that vision is on a regional, national, or (more often) \_\_\_\_ level.   |  |  |  | | --- | --- | --- | |  | a. | ​state | |  | b. | ​global | |  | c. | ​country | |  | d. | ​local | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 28. ​In general, high-impact entrepreneurial ventures have three primary characteristics. They are:   |  |  |  | | --- | --- | --- | |  | a. | ​Innovative | |  | b. | ​Free-thinking | |  | c. | ​Value-creating | |  | d. | ​Growth-oriented | |  | e. | ​A, C, and D only |  |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | | *REFERENCES:* | 1.2 The Nature of Entrepreneurial Startups | |

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| 29. ​\_\_\_\_ is the mechanism that drives an individual to become a nascent entrepreneur because all other opportunities for income appear to be absent or unsatisfactory.   |  |  |  | | --- | --- | --- | |  | a. | ​Pull | |  | b. | ​Risk | |  | c. | ​Success | |  | d. | ​Push | |  | e. | ​Money |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 30. ​Data from the U.S. Census Bureau from 1998 to 2011 demonstrates that the \_\_\_\_\_ of the business is more important for job creation than the size of the business.   |  |  |  | | --- | --- | --- | |  | a. | ​Savvy | |  | b. | ​Age | |  | c. | ​Expertise | |  | d. | ​All of these choices are correct. | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 31. ​Firms that are most likely to survive over the long term are those that display superior levels of reliability and accountability in performance, \_\_\_\_, and structure.   |  |  |  | | --- | --- | --- | |  | a. | ​resources | |  | b. | ​age | |  | c. | ​operations | |  | d. | ​processes | |  | e. | ​controls |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 32. ​The Small Business Administration reports that about half of all new businesses will survive this many years or more:   |  |  |  | | --- | --- | --- | |  | a. | ​1 | |  | b. | ​2 | |  | c. | ​5 | |  | d. | ​10 | |  | e. | ​15 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 33. ​The term entrepreneur has been popular in the United States since the \_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | ​1920s | |  | b. | ​1940s | |  | c. | ​1960s | |  | d. | ​1980s | |  | e. | ​1990s |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 34. ​The 1970s saw the beginning of three significant trends that would forever change the face of business: macroeconomic turmoil, \_\_\_\_, and the technological revolution.   |  |  |  | | --- | --- | --- | |  | a. | ​the Vietnam War | |  | b. | ​agricultural disasters | |  | c. | ​international competition | |  | d. | ​recession | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 35. The \_\_\_\_ microprocessor affected the technological revolution of the 1970s.​   |  |  |  | | --- | --- | --- | |  | a. | ​Apple | |  | b. | ​Microsoft | |  | c. | ​Java | |  | d. | ​Intel | |  | e. | ​Sun |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 36. ​\_\_\_\_ was not alone in asserting that the United States was rapidly and by necessity becoming an entrepreneurial economy.   |  |  |  | | --- | --- | --- | |  | a. | ​Steve Jobs | |  | b. | ​Peter Drucker | |  | c. | ​Mike Boyer | |  | d. | ​Marc Weinstein | |  | e. | ​Sam Goody |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 37. ​Responding to this entrepreneurial drive, big business in the 1980s found it necessary to downsize and reverse the trend of \_\_\_\_ it had promulgated for so long.   |  |  |  | | --- | --- | --- | |  | a. | ​innovation | |  | b. | ​restructurings | |  | c. | ​diversification | |  | d. | ​internationalizing | |  | e. | ​None of these choices |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 38. ​Toward the end of the 1980s, researchers observed that young entrepreneurial ventures were \_\_\_\_ much earlier than expected and at a much smaller size.   |  |  |  | | --- | --- | --- | |  | a. | ​internationalizing | |  | b. | ​diversifying | |  | c. | ​creating jobs | |  | d. | ​restructuring | |  | e. | ​failing |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 39. ​More than perhaps anything else, the 1990s were characterized as the \_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | ​Commercial Age | |  | b. | ​Information Age | |  | c. | ​Competitiveness Age | |  | d. | ​Knowledge Age | |  | e. | ​Internet Age |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 40. ​The *new millennium* ushered in what many refer to as the \_\_\_\_.   |  |  |  | | --- | --- | --- | |  | a. | ​technology economy | |  | b. | ​information economy | |  | c. | ​knowledge economy | |  | d. | ​Internet economy | |  | e. | ​dot com economy |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| **Subjective Short Answer** |

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| 41. Briefly describe what entrepreneurship is.   |  |  | | --- | --- | | *ANSWER:* | Entrepreneurship is a mindset or way of thinking that is opportunity-focused, innovative, and growth-oriented. Although entrepreneurship is most commonly thought of in conjunction with starting a business, the entrepreneurial mindset can be found within large corporations, in socially responsible nonprofit organizations, and anywhere that individuals and teams desire to differentiate themselves from the crowd and apply their passion and drive to executing a business opportunity. | | *POINTS:* | 1 | | *REFERENCES:* | Profile 1.1 | |

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| 42. Explain in what ways entrepreneurship is more than simply starting a business.   |  |  | | --- | --- | | *ANSWER:* | It also encompasses a mindset or way of thinking, and a set of behaviors The way of thinking is usually opportunity-focused, risk taking, innovative and growth-oriented. | | *POINTS:* | 1 | | *REFERENCES:* | Profile 1.1 | |

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| 43. Briefly explain how economic growth comes about.   |  |  | | --- | --- | | *ANSWER:* | Technological change, investment, and trade interact and are facilitated by entrepreneurship. | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 44. Briefly discuss why so many more firms are created than an industry can support.   |  |  | | --- | --- | | *ANSWER:* | The uncertainty of not knowing which firms will be successful in implementing their breakthrough technologies accounts for this phenomenon. | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 45. Briefly discuss the three primary characteristics of entrepreneurial ventures.   |  |  | | --- | --- | | *ANSWER:* | Entrepreneurial ventures are innovative, bringing something new to the marketplace; value-creating, creating brand new jobs and serving customer needs that are not currently being served; and growth-oriented, having a vision of where the business will go (generally, that vision is on a regional, national, or - more often - global level). | | *POINTS:* | 1 | | *REFERENCES:* | 1.1 The Role of Entrepreneurship in the Economy | |

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| 46. Why must risk be considered when considering an entrepreneurial adventure?   |  |  | | --- | --- | | *ANSWER:* | Risk is an inherent part of the entire entrepreneurial process. Over time, more information and validation from the market impacts that risk. For the entrepreneur, failure must be taken into account and minimized. | | *POINTS:* | 1 | | *REFERENCES:* | 1.2 The Nature of Entrepreneurial Startups | |

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| 47. Briefly discuss the significant changes in entrepreneurship from the 1960s to the 1990s.   |  |  | | --- | --- | | *ANSWER:* | 1960s: U.S. companies enjoyed unrestricted growth, lack of competition, job security, and unrelated diversification. 1970s: A time of macroeconomic turmoil, international competition, and technological revolution. 1980s: Decade of Entrepreneurship; big business restructures and reorganizes. 1990s: Characterized by the Information Age and the dot com bubble. | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 48. Discuss/describe the knowledge economy of the 2000s.**​**   |  |  | | --- | --- | | *ANSWER:* | Some characteristics include low-cost competition; influenced by the commercial Internet; brought about by increased globalization; the shift toward more knowledge-based economic activity; and the primary resource is knowledge, not raw materials and physical labor. | | *POINTS:* | 1 | | *REFERENCES:* | 1.3 A Brief History of the Entrepreneurial Revolution | |

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| 49. Name the trends relevant to entrepreneurs as of 2012. Now, what four new trends are emerging?   |  |  | | --- | --- | | *ANSWER:* | Global economic turmoil, green power, the women’s market and the Gen Y consumer movement called mass mingling. Although these are still  relevant, but four new trends have appeared: 1) digital anonymity, 2) domestic manufacturing, 3) big data and 4) the lean startup movement. | | *POINTS:* | 1 | | *REFERENCES:* | 1.4 Current Entrepreneurial Trends | |

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| 50. What is the lean startup movement?   |  |  | | --- | --- | | *ANSWER:* | This trend had its origins in the famous management approached used by Toyota called “lean thinking” the three key principles of lean are 1) minimizing waste in time and resources, 2) continuous improvement through experimentation and pivoting in new directions, and 3) systems thinking of looking at the big picture. Eric Ries, a software entrepreneur, introduced lean to the startup world with his book aptly named, “Lean Startup.” In it, he focused on how to get to the customer quickly with minimum viable product (MVP), to get feedback (validation), and iterate (pivot to a more successful outcome. | | *POINTS:* | 1 | | *REFERENCES:* | 1.4 Current Entrepreneurial Trends | |