TT TEXTBOOK TESTBANKS

Test Bank for Entrepreneurship 12th Hisrich

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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

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

2) Strategic orientation refers to the transformation of an organization through the rejuvenation of the key ideas on which it is built.
   - ⊚ true
   - ⊚ false

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

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

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.
   - ⊚ true
   - ⊚ false

6) Traditionally managed firms commitment to opportunity is revolutionary with a long duration.
   - ⊚ true
   - ⊚ false

7) Entrepreneurially managed firm structure is usually flat with multiple informal networks.
   - ⊚ true
   - ⊚ false

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

9) Entrepreneurs focus on how to minimize resources needed whereas traditional firms focus on accumulating resources.
   - ⦾ true
   - ⦾ false

10) Traditionally managed firms typically punish failure.
   - ⦾ true
   - ⦾ false

11) Organizations that require a rapid return on investment and a high sales volume usually encourage and support new ideas.
   - ⦾ true
   - ⦾ false

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

13) In creating a culture for corporate entrepreneurship leadership is important.
   - ⦾ true
   - ⦾ false

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

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

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16) In corporate entrepreneurship, trial and error are encouraged.
    - ⊙ true
    - ⊙ false

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.
    - ⊙ true
    - ⊙ false

18) The corporate entrepreneur encourages teamwork and uses a multi-disciplined approach, which violates organizational practices and structures taught in most business schools.
    - ⊙ true
    - ⊙ false

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

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

21) Entrepreneurial activities tend to immediately affect the bottom line, and hence are seldom overlooked and receive extensive funding and support.
    - ⊙ true
    - ⊙ false

22) Corporate ventures are totally independent units, hence the equity portion of the compensation is particularly difficult to handle.
    - ⊙ true
    - ⊙ false

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

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24) When developing an entrepreneurial culture, an organization needs to develop ways to become closer to its customers.
   - ⊙ true
   - ⊙ false

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.
   - ⊙ true
   - ⊙ false

26) An entrepreneur with loss orientation would talk about the business failure with a close friend or relative.
   - ⊙ true
   - ⊙ false

27) The dual process model of coping with negative emotions requires shifting back and forth between two alternate approaches: loss orientation and strategic orientation.
   - ⊙ true
   - ⊙ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

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

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.

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30) A young manager recognizes inflexibility in both staffing and production, slowing growth and loss of competitive advantage. This manger should encourage upper management to begin developing_______ within the company.
   A) a loss orientation
   B) an entrepreneurial orientation
   C) a dual process orientation
   D) a restoration orientation

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

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

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.

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.

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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.

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.

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.

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

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.

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.

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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.

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.

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.

44) Which of the following is *not* one of the reasons cited for the failure of new ventures started within a corporation?
   A) lack of a long-term commitment
   B) a constrained environment
   C) lack of freedom to make autonomous decisions
   D) lack of resources

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.

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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.

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.

48) Which of the following is *most* effective in grief-recovery?
   - A) restoration-orientation
   - B) loss-orientation
   - C) dual process
   - D) grief recovery process

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

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

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50) Discuss three major ways in which managerial and entrepreneurial decision making differs.
Eight areas of difference students can choose from:

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.

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.

53) Briefly describe the two approaches to loss in the dual process model and provide examples of each.

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

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Answer Key

Test name: Chapter 02

1) TRUE
2) FALSE
3) TRUE
4) TRUE
5) TRUE
6) FALSE
7) TRUE
8) FALSE
9) TRUE
10) TRUE
11) FALSE
12) FALSE
13) TRUE
14) FALSE
15) TRUE
16) TRUE
17) FALSE
18) TRUE
19) TRUE
20) TRUE
21) FALSE
22) FALSE
23) FALSE
24) TRUE
25) FALSE
26) TRUE
27) FALSE
28) C
29) A
30) B
31) D
32) C
33) B
34) A
35) C
36) A
37) B

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38) D
39) D
40) C
41) B
42) C
43) A
44) D
45) A
46) B
47) A
48) C
49) Essay
Answer will vary.

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.

50) Essay
Answer will vary.

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5. strategic orientation
6. commitment to opportunity
7. commitment of resources
8. control of resources
9. management structure
10. reward philosophy
11. growth orientation
12. entrepreneurial culture

Basic differences in each dimension:

TABLE 2.1 Distinguishing Entrepreneurially from Traditionally Managed Firms

Entrepreneurial Focus	Conceptual Dimension	Administrative Focus
Driven by perception of opportunity	Strategic orientation	Driven by controlled resources
Revolutionary with short duration	Commitment of 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 resources	Control of resources	Ownership or employment of required resources
Flat with multiple informal	Management structure	Hierarchy

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networks		
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.

51) Essay

52) Essay

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.

53) Essay

The dual process model requires shifting back and forth between two alternate approaches to loss. The first is a loss orientation, which involves focusing on the loss event to create an account of the failure. Entrepreneurs with a loss orientation might seek out friends, family, or psychologists to talk through their negative emotions. Focusing on the loss can shift to ever worsening grief. This cycle can be broken by shifting to the second alternative – a restoration orientation. This involves distracting oneself from thinking about the failure and focusing energy on addressing other problems that arose as a result of the failure.

54) Essay

13. Helps to reduce feelings of shame and embarrassment.
14. 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.
15. Understanding that there is a process can provide entrepreneurs some comfort that their current feelings of loss, sadness, and helplessness will eventually diminish.
16. The recovery and learning process can be enhanced by some degree of oscillation between a loss orientation and a restoration orientation.
17. Recovery from loss offers an opportunity to increase one's knowledge of entrepreneurship. This provides benefits to the individual and society.