

# Scientific Foundations of Entrepreneurship

Entrepreneurship · Answer Key · 15 Questions

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**1. According to Joseph Schumpeter, what is the primary engine of economic development?**

- A) Balanced trade agreements
- B) Creative destruction**
- C) The gold standard
- D) Government subsidies

**2. Frank Knight's 'Risk, Uncertainty, and Profit' (1921) makes a fundamental distinction between risk and uncertainty. How does he define risk?**

- A) A situation where probabilities are unknown
- B) A condition that can be measured statistically**
- C) Any loss of invested capital
- D) The complete absence of competition

**3. In the context of behavioral entrepreneurship, what does the 'effectuation' theory developed by Saras Sarasvathy primarily focus on?**

- A) Top-down strategic planning
- B) Predictive market analysis
- C) Decision-making under high uncertainty**
- D) Maximizing long-term shareholder value

**4. Which economic concept, introduced by Israel Kirzner, describes the entrepreneur's role in the market?**

- A) Entrepreneurial alertness**
- B) Monopolistic competition
- C) Keynesian multiplier
- D) Supply-side equilibrium

**5. What does the 'GEM' in the context of global entrepreneurship research stand for?**

- A) Global Economic Matrix
- B) Global Entrepreneurship Monitor**
- C) General Entrepreneurial Model
- D) Growth Engine Method

**6. Which of these describes the 'Liability of Newness' concept in organizational theory?**

- A) The tendency for startups to rely on venture capital
- B) The higher mortality rate of young firms due to a lack of established routines**
- C) The legal difficulty of registering a new business
- D) The cost of protecting intellectual property

**7. According to neoclassical economic theory, what are the three traditional 'factors of production' that existed before the explicit inclusion of entrepreneurship?**

- A) Capital, Labor, Land**
- B) Money, Marketing, Management
- C) Innovation, Risk, Profit
- D) Strategy, Operations, Finance

**8. What is the primary focus of 'Intrapreneurship'?**

- A) Entrepreneurial activity within an existing organization**
- B) Investing in early-stage startups
- C) The process of venture capital funding
- D) Global trade liberalization

**9. What is the core premise of the 'Human Capital Theory' as applied to entrepreneurship?**

- A) Entrepreneurs are born with specific personality traits
- B) The belief that education and experience enhance entrepreneurial productivity**
- C) Capital investment determines business success
- D) Market demand drives entrepreneurial entry

**10. Which term refers to the process of a business model failing and the firm changing its strategic direction?**

- A) Bankruptcy
- B) Liquidation
- C) Pivoting**
- D) Merger

**11. According to the 'Resource-Based View' (RBV) of the firm, what creates a competitive advantage?**

- A) Having the lowest market prices
- B) Possessing rare, valuable, inimitable, and non-substitutable resources**
- C) Increasing advertising budgets
- D) Governmental regulatory capture

**12. Which of the following is a classic characteristic of a 'Social Entrepreneur' as defined by academic literature?**

- A) Prioritizing profit maximization above all
- B) Focusing on creating social value as the primary objective**
- C) Operating exclusively in the public sector
- D) Avoiding the use of business models

**13. The 'Lean Startup' methodology, popularized by Eric Ries, advocates for what primary approach to product development?**

- A) Building comprehensive long-term business plans
- B) Developing a minimum viable product (MVP) to test assumptions**
- C) Avoiding all feedback from early adopters
- D) Focusing purely on rapid scaling

**14. What does the 'J-curve' represent in the context of venture capital and private equity?**

- A) The rise and fall of interest rates
- B) The typical sequence of negative returns followed by potential positive returns**
- C) The relationship between supply and demand
- D) The cost-benefit analysis of labor

**15. What is a 'Business Incubator' primarily designed to do?**

- A) Provide tax exemptions for new businesses
- B) Help early-stage startups survive and grow during their early development**
- C) Acquire failing companies to save jobs
- D) Dictate the daily operations of a firm