

# Lecture 2

Dr. Lauren Chenarides

September 2, 2026

*[Entrepreneurship] is so mysterious that we cannot see it or touch it; yet we can feel it and know it exists. It cannot be mined, manufactured, or bought; yet it can be discovered.*

## Lecture 2: The Entrepreneurial Mindset

### Textbook Reading (Quiz Basis)

Chapter 2. The Entrepreneurial Mindset in Individuals: Cognition, the Dark Side, and Ethics

Why I chose this textbook: The chapters in this book focus on learning *the discipline* of entrepreneurship.

#### Lecture Agenda

- Part 1: The Mindset of an Entrepreneur
- Part 2: The Dark Side of Entrepreneurship
- Part 3: Entrepreneurial Ethics

Source: Kuratko (2024)

## Chapter Objectives

- 2.1 Describe the entrepreneurial mindset and entrepreneurial cognition.
- 2.2 Identify and discuss the most commonly cited characteristics found in successful entrepreneurs.
- 2.3 Describe the skills of entrepreneurial hustle and coachability.
- 2.4 Identify how entrepreneurs deal with failure.
- 2.5 Describe the entrepreneurial experience.
- 2.6 Discuss the “dark side” of entrepreneurship.
- 2.7 Identify and describe the different types of risk entrepreneurs face.
- 2.8 Describe the major causes of stress for these individuals and the ways they can handle stress.
- 2.9 Discuss the ethical dilemmas confronting entrepreneurs within a dynamic environment.
- 2.10 Present strategies for establishing ethical responsibility and leadership.
- 2.11 Examine entrepreneurial motivation.

## Part 1 The Mindset of an Entrepreneur

### Do entrepreneurs “think” differently?

Perhaps.

This chapter takes a more \_\_\_\_\_ look at entrepreneurs and the entrepreneurial \_\_\_\_\_.

Research is still needed to determine whether differences are attributable to a cognitive difference or originates from idiosyncratic factors or from the experience of being entrepreneurs.

Let’s break down a few key concepts to understand the entrepreneurial mindset...

### Entrepreneurial \_\_\_\_\_

To understand how entrepreneurship emerges, let’s examine the science of \_\_\_\_\_.

*Definition:* \_\_\_\_\_

Mental functions, mental processes (thoughts), and mental states of intelligent humans—attention, remembering, producing and understanding language, solving problems, and making decisions.

*Definition:* \_\_\_\_\_

Knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation, venture creation, and growth.

A foundation of entrepreneurial thinking is their **ability to** \_\_\_\_\_.

*Definition:* \_\_\_\_\_

The ability to be dynamic, flexible, and self-regulating in one’s cognitions given dynamic and uncertain task environments.

\_\_\_\_\_ is the model used to describe the process an entrepreneur will use to frame the entrepreneurial task.

*Definition:* \_\_\_\_\_ Model

Study of the higher-order cognitive process that resulted in the entrepreneur framing a task effectually, and thus why and how a particular strategy was included in a set of alternative responses to the decision task (metacognition).

### Who Are Entrepreneurs?

They are **optimistic**, **hard-driving**, **committed** individuals who derive great satisfaction from being independent. ∴

They are driven by an **intense commitment** and **determined perseverance**.

They use **failure** as a tool for **learning**.

They have **confidence** to believe that they personally can make a difference in final outcomes.

They have have a **tolerance for failure**. This involves a capacity—often learned—to deal with failure and process grief.

*Definition:* \_\_\_\_\_

Involves focusing on the particular loss to construct an account that explains why the loss occurred.

*Definition:* \_\_\_\_\_

Involves both distracting oneself from thinking about the failure event and being proactive toward secondary causes of stress.

## The Entrepreneurial Experience

An individual *sees* the opportunity → *creates* the venture → and the entrepreneur *emerges*.

## What are Characteristics Often Associated with Entrepreneurs?

Researchers have identified a wide range of entrepreneurial characteristics, many of which can be grouped into a smaller set of core traits.

Table 2.1 Characteristics Often Attributed to Entrepreneurs

Characteristic
Ability to get along well with people
Ability to influence others
Ability to learn from mistakes
Ability to make decisions quickly
Ability to take calculated risks
Ability to trust workers
Accuracy, thoroughness
Aggressiveness
Capacity for enjoyment
Commitment
Confidence
Cooperativeness
Courage
Creativity
Dynamism, leadership
Efficacy
Egotism
Energy, diligence
Flexibility
Foresight
Honesty, integrity
Imagination
Independence
Initiative
Intelligence

Maturity, balance  
 Need to achieve  
 Optimism  
 Orientation to clear goals  
 Perceptiveness  
 Perseverance, determination  
 Pleasant personality  
 Positive response to challenges  
 Sense of power  
 Profit orientation  
 Resourcefulness  
 Responsiveness to suggestions/criticism  
 Responsibility  
 Sensitivity to others  
 Time competence, efficiency  
 Tolerant for ambiguity  
 Versatility

Source: John A. Hornaday, "Research about Living Entrepreneurs," in *Encyclopedia of Entrepreneurship*, ed. Calvin Kent, Donald Sexton, and Karl Vesper (Englewood Cliffs, NJ: Prentice Hall, 1982), 26–27. Adapted by permission of Prentice Hall, Englewood Cliffs, NJ.

## Most Often Cited Entrepreneurial Characteristics

Each row in the table below represents a *characteristic* you'll encounter and practice over the course of the semester. Review [Your E-IDP](#) on the course website to see how these traits connect to your personal development plan.

### Entrepreneurial Characteristics for E-IDP

Table 2: See full descriptions in the *handout*: [PDF download](#)

Characteristic	Description
Calculated Risk Taking	Makes strategic, informed decisions about when to take a risk, not reckless.
Communication	Effectively conveys ideas and actively listens in professional settings
Creativity and Innovativeness	Generates original ideas and sees possibilities others may not.
Determination and Perseverance	Total dedication to success, overcoming obstacles and setbacks, unwavering commitment to succeed.
Drive to Achieve	A strong desire to compete, to excel against self-imposed standards, to pursue challenging goals.
Entrepreneurial Coachability	Seeks, integrates, and learns from failures, setbacks, or feedback to grow.
Entrepreneurial Hustle	Acts with urgency and creativity to solve immediate problems.
High Energy Level	Demonstrates consistent drive and enthusiasm to sustain effort over time.
Opportunity Orientation	Focuses on opportunity rather than resources; always scanning for possibilities.

Passion	Demonstrates deep emotional investment in the work.
Persistent Problem Solving	Tackles tough problems with a methodical, realistic approach; doesn't quit easily.
Personal Agency (Internal Locus of Control)	Believes success comes from personal responsibility and effort, not luck.
Seeking Feedback	Actively looks for input to improve performance; learns from critique.
Team Building	Builds strong, motivated teams; values others' strengths.
Tolerance for Ambiguity	Comfortable operating under uncertainty or limited structure.
Vision	Has a clear sense of purpose or long-term direction.

Source: Kuratko, D. F. (2023). *Entrepreneurship: Theory, Process, and Practice* (12th ed.). Cengage Learning.

As you progress this semester, use these traits as a lens for reflection—*how* you work is as important as *what* you produce.

## Can Entrepreneurship Be Cultivated?

According to the theory of entrepreneurship, entrepreneurs cause entrepreneurship.

Entrepreneurship is a function of the entrepreneur:

$$E = f(e)$$

Entrepreneurship ( $E$ ) results from the \_\_\_\_\_ ( $f$ ) of \_\_\_\_\_ ( $e$ ) such as inner control, planning and goal setting, risk taking, innovation, reality perception, use of feedback, decision making, human relations, and independence.

**Takeaway:** These skills and characteristics are \_\_\_\_\_ and \_\_\_\_\_ with practice.

## Discussion Activity 2-1

**Goal:** Identify which entrepreneurial characteristics you value most and why.

### Step 1 – Individual Ranking (5 minutes)

1. Review the list of 16 **most often cited entrepreneurial characteristics**
2. Choose the five you believe are most important for entrepreneurial success.
3. Rank them from 1 (most important) to 5 (fifth most important).
4. For each, jot down a quick example of why you ranked it where you did—this can be from your own experience, a well-known entrepreneur, or a fictional example.

## Discussion Activity 2-1

### Step 2 – Small-Group Discussion (5 minutes)

- Share your top five with your group.
- Note where you agree and where you differ.
- Discuss why certain traits might matter more in some industries or stages of a business than others.

## Discussion Activity 2-1

### Step 3 – Class Debrief (5 minutes)

- As a class, identify which characteristics appeared most often in top-five lists.
- Highlight any that appeared rarely—discuss whether they’re under-valued or simply more situational.

## Part 2 The Dark Side of Entrepreneurship

### The Other Side of the Story

When we think of entrepreneurs, we often picture \_\_\_\_\_, \_\_\_\_\_, and financial success.

But behind the highlight reel, entrepreneurship also brings:

- High personal and financial stakes
- Constant uncertainty
- Pressure to perform without a safety net

This section looks at the risks, pressures, and stresses that can come with building and running a venture.

### The Entrepreneur’s Confrontation with Risk

When someone becomes an entrepreneur, they’re not just chasing potential rewards, they’re also facing different kinds of \_\_\_\_\_ risk, and how they handle each can vary.

- \_\_\_\_\_ risk versus profit (return) motive
  - You might invest your own money, take on debt, or rely on uncertain revenue streams. The trade-off is that you could also earn much more than in a salaried job—how much risk you’re willing to take depends on how motivated you are by potential wealth.
- \_\_\_\_\_ risk
  - Leaving a stable job or career path means losing steady income, benefits, and job security. If the venture fails, it can be hard to return to where you were.
- Family and \_\_\_\_\_ risk
  - Entrepreneurship can require long hours, travel, or relocation, which can strain relationships and reduce time for friends, family, and community commitments.
- \_\_\_\_\_ risk
  - Failure (or even setbacks) can take a toll on your mental and emotional health, self-esteem, and overall well-being.

## Stress and the Entrepreneur

Entrepreneurs-like many of us-experience stress and it can come in various forms:

- Loneliness
- Immersion in business
- People problems
- Need to achieve

### *Definition:* Entrepreneurial Stress

The extent to which entrepreneurs' work demands and expectations exceed their abilities to perform as venture initiators, they are likely to experience stress.

## Discussion Activity 2-2

### Step 1 – Individual Reflection (5 minutes)

Read each statement below and mark the column that most appropriately represents your level of agreement.

Statement	Strongly Dis-agree		Neither Dis-agree Nor Agree		Strongly Agree
	(1)	(2)	(3)	(4)	(5)
I often feel a severe sense of time urgency.					
I find myself constantly involved in multiple projects subject to deadlines.					
I often neglect of all aspects of life except work.					
I have a tendency to take on excessive responsibility, combined with the feeling that “Only I am capable of taking care of this matter.”					
I have a tendency to speak faster than most people.					

Add up your scores.

The higher your score, the stronger your “Type A” tendencies, which can increase entrepreneurial stress.

## Discussion Activity 2-2

### Step 2 – Small-Group Discussion (5 minutes)

In groups of 2–3, discuss:

1. Which statements resonated most with you?
2. Do you see any signs of stress or burnout risk in your answers?
3. How might these tendencies both help and hurt an entrepreneur?

## Discussion Activity 2-2

### Step 3 – Coping Strategies Brainstorm (5 minutes)

As a group, list at least three concrete strategies for reducing entrepreneurial stress. These can be personal habits, business practices, or support systems. Some examples:

- Networking with other entrepreneurs
- Taking regular breaks or “getting away from it all”
- Open communication with employees or partners
- Finding satisfaction outside the company (hobbies, volunteering)
- Delegating work
- Exercising regularly
- Speaking with a professional therapist or coach
- Getting high-quality sleep

## Discussion Activity 2-2

### Step 4 – Full-Class Debrief (5 minutes)

Each group shares:

1. One Type A tendency that is both a strength and a risk.
2. One practical strategy for managing entrepreneurial stress.

We’ll compile these so everyone leaves with a shared list of ideas.

## Part 3 Entrepreneurial Ethics

### Quick Poll

**Instructions:** Read each scenario and choose the option you feel is most ethical.

#### Q1 – The Startup Expense

Your new business is struggling. A supplier offers to “adjust” the invoice so it looks like you spent more than you did, which would increase your tax deduction.

- A. Accept – it’s a harmless way to save money
- B. Decline – it’s dishonest and could cause trouble
- C. Not sure

#### Q2 – The Job Candidate

You’re hiring your first employee. Your best friend needs work, but another candidate is more qualified.

- A. Hire your friend – loyalty comes first
- B. Hire the more qualified candidate – business comes first



C. It depends

### Q3 – The Industry Secret

At a networking event, a competitor shares confidential information by mistake.

A. Use it to get ahead – it’s their error

B. Ignore it – it’s not yours to use

C. Not sure

### Debrief

Which questions were easy for you to answer? Which were harder?

---

---

Did you notice any rationalizations creeping into your thinking?

---

---

How do personal values and business pressures shape different answers?

---

---

### Sources of Ethical Dilemmas

Entrepreneurs face pressure from many directions, e.g., investors, customers, employees, regulators, each with their own expectations.

Aside from changes in societal values and norms, business owners must also navigate legal requirements.

**Takeaway:** Having clear parameters or a decision-making process for ambiguous situations helps prevent poor choices under pressure.

### What Do We Mean by \_\_\_\_\_?

\_\_\_\_\_ = basic rules or parameters for conducting any activity in an “acceptable” manner.

A set of principles that define what is considered good and right, or bad and wrong.

In entrepreneurship, it’s less about memorizing fixed rules and more about developing an ethical decision-making process you can apply in new situations.

## Common Ethical Rationalizations

\_\_\_\_\_ is often justified by believing that the activity:

1. Is not really illegal or immoral.
2. Is in the individual's or the firm's best interest.
3. Will never be found out.
4. Helps the company, so the company will condone it.

Q1 - Links to: "It's not really illegal or immoral" Rationalization tie-in: "It's not really illegal or immoral" — common when justifying small or hidden shortcuts.

Q2 - Links to: "It's in the individual's or the firm's best interest" Rationalization tie-in: "It's in the best interest of the individual or the firm" — loyalty is positive, but can lead to conflicts of interest.

Q3 - Links to: "It will never be found out" & "The company will condone it" Rationalization tie-in: "It will never be found out" or "It helps the company, so it will be condoned" — both can tempt entrepreneurs to overlook ethical lines.

## Types of Morally Questionable Acts

Type	Direct Effect	Examples
Nonrole	Against the firm	Expense account cheating Embezzlement Stealing supplies
<b>Role failure</b>	Against the firm	Superficial performance appraisal Not confronting expense account cheating Palming off a poor performer with inflated praise
<b>Role distortion</b>	For the firm	Bribery Price fixing Manipulating suppliers
<b>Role assertion</b>	For the firm	Investing in unethically governed countries Using nuclear technology for energy generation Not withdrawing product line in face of initial allegations of inadequate safety

Source: James A. Waters and Frederick Bird, "Attending to Ethics in Management," Journal of Business Ethics 5 (1989): 494.

\_\_\_\_\_ vs. \_\_\_\_\_

There can be a large gap between what is \_\_\_\_\_ and what is \_\_\_\_\_.

Not all legal actions are ethical, and not all ethical actions are legal.

## Why Ethical Decisions Are Complex

### The Matter of Morality

- Greed

- Separating personal from work behavior
- Lack of ethical foundation
- “Bottom-line” survival thinking
- Over-reliance on other institutions to set standards

### **The Complexity of Ethical Decisions**

- Extended consequences
- Multiple alternatives
- Mixed outcomes
- Uncertain ethical consequences
- Personal implications

### **Group Activity 2-1**

*If time allows:*

In pairs or small groups, search online for either:

- An example of a company’s ethical statement, or
- A case study of an ethical dilemma in business.

**Be ready to share:**

- The situation or statement
- What can be learned from it
- How you would have approached it as an entrepreneur

### **Building an Ethical Venture**

Ethical \_\_\_\_\_ of \_\_\_\_\_:

- Written statements of ethical practices or guidelines
- Increasingly common and more comprehensive in scope
- Easier to implement with clear administrative procedures
- Support both legal compliance and public trust

**“Always \_\_\_\_\_”**

Why high ethical standards matter:

- Unethical practices damage both the firm and the broader free-market system
- Strong moral climate helps restore and maintain public trust

## Ethical Leadership

An entrepreneur's values shape the organization's ethics

A code of ethics sets expectations for:

- Ethical decision-making by leadership
- Employee behavior
- Clear rewards and consequences tied to ethical conduct

## Entrepreneurial \_\_\_\_\_ & \_\_\_\_\_

*Definition:* \_\_\_\_\_

The drive to start and sustain a venture, shaped by personal traits, environment, goals, and a viable business idea.

*Definition:* \_\_\_\_\_

Continuing to pursue an opportunity despite setbacks or attractive alternatives.

## Summary

- 2.1 Describe the entrepreneurial mindset and entrepreneurial cognition.
- 2.2 Identify and discuss the most commonly cited characteristics found in successful entrepreneurs.
- 2.3 Describe the skills of entrepreneurial hustle and coachability.
- 2.4 Identify how entrepreneurs deal with failure.
- 2.5 Describe the entrepreneurial experience.
- 2.6 Discuss the “dark side” of entrepreneurship.
- 2.7 Identify and describe the different types of risk entrepreneurs face.
- 2.8 Describe the major causes of stress for these individuals and the ways they can handle stress.
- 2.9 Discuss the ethical dilemmas confronting entrepreneurs within a dynamic environment.
- 2.10 Present strategies for establishing ethical responsibility and leadership.
- 2.11 Examine entrepreneurial motivation.

---

## References

Kuratko, Donald F. 2024. *Entrepreneurship: Theory, Process, Practice*. 12th ed. Cengage Learning, Inc.