MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE (MATHEMATICS AND COMPUTER SCIENCE,)

BACHELOR OF SCIENCE (BIOLOGY)

BACHELOR OF EDUCATION (SCIENCE)

BACHELOR OF EDUCATION (ARTS)

BACHELOR OF COMMERCE

UCU 104: INTRODUCTION TO ENTREPRENEURSHIP

DATE:13/8/2021   **TIME: 11:00 – 1:00 PM**

INSTRUCTIONS: Answer Question **ONE** and any other **TWO** Questions.

   i.   *The paper has five questions*
   ii. *Question1 is compulsory 30 marks.*
   iii. *Answer any TWO questions each 20 marks*

QUESTION ONE (COMPULSORY) (30 MARKS)

Read the case study and answer the questions that follow.
Stephen and Rose were among the best students in entrepreneurship class in the University of Kabianga. While in the university Stephen was commonly known for doing minor business deals with his colleagues while Rose was the author of a popular column entitled "Kazi ni Kazi" in the University magazine. They claimed that these assignments sufficiently supported their financial obligations. However, when they finished University they had different thoughts and opinions.

After remaining unemployed for some time Stephen approached a relative who lend him Ksh 100,000 to start a security firm in Kakamega town. He is convinced that his business will break-even and grow within a short time unlike those of his friends which closed down after only one year in the same industry. His argument is that since Kakamega town has become an economic hub several people will need security of their businesses and what he only needs is to rebrand those businesses that were being run by his friends and make the services available even to the local shop owners.

Rose who similarly remained unemployed for sometime, felt starting a business would be a risky option and hence chose to be employed as a clerk in a fairly busy organization, where she has now worked for 2 years. In her first year of employment she brought together fellow clerks and they managed to introduce a defect checking system of the raw materials and finished goods as they enter and leave the organization respectively. Through her efforts the organization has since started a business outlet in the neighboring town.

Required:

a)   Identify the entrepreneur among the two. Justify your answer.   (2 marks)

b)   Using the case study, discuss the importance of innovative and imitative entrepreneurs in

        a country.   (6 marks)

c)   Explain possible causes of business failure which could have led to the closure of

        businesses owned by friends to Stephen?   (10 marks)

d)   Highlight the advantages that Stephen has over Rose   (2 marks)

e)   Advise Stephen on the characteristics of a good business idea.   (6 marks)

f)   Discuss the qualities of an entrepreneur.   (4 marks)

QUESTION TWO (20 MARKS)

a)   describe features of an angel investor.   (10 marks)
b)   using an illustration, describe the process of the enterprise lifecycle highlighting the
        challenge encountered by entrepreneurs at each stage.   (10 marks)

QUESTION THREE (20 MARKS)

a)   Explain the term unlimited liability in connection with sole proprietorship.   (2 marks)

b)   Explain the tips that can be used to avoid conflicts in a family business   (10 marks)

c)   Most financial institutions are reluctant to give credit to start up business. Highlight four
        reasons suggesting possible solutions.   (8 marks)

QUESTION FOUR (20 MARKS)

a)   Describe the various risks in business operations and how they can be managed.
                                                                                         (10 marks)
b)   Evaluate the disadvantages of
        I. sole proprietorship
        II. Partnerships   (10 marks)

QUESTION FIVE (20 MARKS)

a)   Differentiate between a leader and a manager.   (10 marks)

b)   Explain five ways in which the government contributes to the development of
entrepreneurship.   (10 marks)