PAN AFRICA CHRISTIAN UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE: MBA 508

COURSE TITLE: ENTREPRENEURSHIP

EXAM DATE:

TIME: 3 HOURS

INSTRUCTIONS

- Read all questions carefully before attempting.
- Answer Question One(Compulsory) and any other four questions
- Write your **student number** on the answer booklet provided.

Question One

TV Show inspired the Entrepreneur

Nearly ten years after moving to Nakuru, Simon is on the Verge of becoming a multi-millionaire, thanks to the aggressive approach he took to survive the cut throat competition in the tough hawking business. Simon started his hawking business of selling handkerchiefs and necklaces with Sh2000 as startup which was given to him by his father.

He was making a profit of between Sh500 and Sh600 daily but today his investment in a cleaning and pest Control Company is raking in between Sh1.8M and Sh2.4Million a year and has created jobs for more than 50 youths in Nakuru.

"Never ignore the small daily savings that you may be making in any small-scale business. I never borrowed money from the bank to start my business. The Sh10,000 I had saved is what gave birth to my business" says Simon. His savings also enabled him to clear his school fees balance of Sh20,000.

Simon acquired a diploma in management and is interested in enrolling for a degree course to pursue entrepreneurship.

Simon was motivated by a TV show aired by NTV that is "Money Matters" business programme. After watching the show he was motivated and bought a vacuum cleaner worth Sh7,000 from his savings.

Simon started his new business in 2012, with specialization in toilet and carpet cleaning, fumigation, general house cleaning and supply of detergent. He has won the heart of many customers including big corporates in the town.

"It was not an easy start but after washing several toilets in town, the word spread and I started receiving orders to wash toilets in banks and offices" Says Simon. His success can be attributed to the in-house training of his workers as well as proper supervision.

Simon says, changing the attitude of new employees to love their job is an uphill task. He also cites late payment by customers and competition as challenges.

Despite the hurdles, Simon aims to grow his company to become the biggest cleaning firm in Kenya in the next ten years. He also plans to branch to real estate to increase his income.

Before finalizing his plans, Simon would like to bring in one partner. “You can never have too much initial capital,” he said. “You never know when you’ll have unexpected expenses.” But the individual whom Simon would like as a partner is reluctant to invest in the venture. “You really don’t have anything unique to offer the market,” he told Simon. “You’re just another ‘me too’ cleaning business, and you’re not going to survive.”

Required

a) Explain the factors, supported by this case, make people like Simon go into business. (6 marks)

b) Discuss what may have influenced the growth of the firm (10 marks)

c) Discuss the challenges Simon is likely to face as he seeks to grow his business (10 marks)

d) As Simon is having difficulties getting a partner for his business, one of the options available to him is using debt financing. Discuss any five sources of such funds and their appropriateness to Simon's business. (10 marks)

e) Identify four human resource management functions Simon needs to focus on for his staff to perform at the required level. (4 marks)

Question Two

a) Discuss the economic and Social impact of entrepreneurial firms (9 marks)

b) By use of examples, explain the use of bootstrapping as a method of raising funds for new enterprises (6marks)

Question Three

a) Highlight the importance of a business plan to employees and management on the one hand and investors and other external stakeholders on the other hand. (5 marks)

b) It is often said that "Cash flow is King" for small businesses. Discus this statement, highlighting the necessity for these business to have cash at all times.(10 marks)

Question Four

a) Distinguish between Entrepreneurs and Intrapreneurs (2 marks)

b) Describe four common myths about entrepreneurs. (8 marks)

c) An opportunity is a favorable set of circumstances that creates a need for a new product, service, or business. Explain the essential qualities of an opportunity. (5 marks)

Question Five

a) Distinguish between the use of concept and usability testing in the determination of business idea viability (5 marks)

b) As the facilitator in an entrepreneur's workshop, discuss any four ways of generating business ideas. (10 marks)

Question Six

a) Describe the FIVE stages of the entrepreneurship creative process. (10 Marks)
b) Explain the meaning and the steps of protecting intellectual property rights.(5 Marks)