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# TECHNICAL UNIVERSITY OF MOMBASA

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## SCHOOL OF BUSINESS

### DEPARTMENT OF BUSINESS ADMINISTRATION

#### UNIVERSITY EXAMINATION FOR:

DEGREE CLASSES: BACHELOR OF COMMERCE, BACHELOR OF BUSINESS ADMINISTRATION, BACHELOR OF TECHNOLOGY IN INFORMATION TECHNOLOGY, BACHELOR OF SCIENCE IN MECHANICAL ENGINEERING, BACHELOR OF SCIENCE IN ELECTRICAL ENGINEERING, BACHELOR OF TECHNOLOGY IN ELECTRICAL ENGINEERING, BACHELOR OF SCIENCE IN DEVELOPMENT STUDIES, BACHELOR OF TECHNOLOGY IN APPLIED CHEMISTRY, BACHELOR OF SCIENCE IN FOOD TECHNOLOGY AND QUALITY ASSURANCE, BACHELOR OF SCIENCE IN COMMUNITY HEALTH.

#### BEN 4401: ENTREPRENEURSHIP SKILLS

#### END OF SEMESTER EXAMINATION

**SERIES:** AUGUST 2019

**TIME:** 2HOURS

**DATE:** .....Aug 2019

#### **Instructions to Candidates**

You should have the following for this examination

*-Answer Booklet, examination pass and student ID*

This paper consists of **Five** Questions.

Attempt **Question ONE** and **Any other TWO** Questions

**Do not write on the question paper.**

## QUESTION ONE: CASE

Read the following case and then answer the questions below:

### **Kimto's Fancy Shoes Business**

Kimto owns a well-established shoe making business, Fancy Shoes, which has a good brand name. He has been operating the business successfully as a sole trader. The innovative designs and quality products that it manufactures are key to the success of Fancy Shoes. Due to the rising demand, Kimto wants to expand and open new branches. He wants to convert his business into a partnership. He is thinking of taking his best friend Kimberley, who is an accountant, as a partner. To make the shoes more marketable, Fancy Shoes will need to review the four elements of marketing. However, to expand the enterprise, the partners will require more money. A bank is ready to provide finance, but has requested

Kimto and Kimberley to prepare a business plan. As a sole trader, Kimto kept limited records of business transactions. Kimberley has always told Kimto that a business should have proper financial record keeping and proper inventory (stock) control. Otherwise, this may lead to poor management of the business. Both Kimto and Kimberley are aware of the risks that are present in an enterprise.

Kimberley is energetic and enthusiastic about the new experience as an entrepreneur. He thinks that investing in new IT equipment can improve communication with all stakeholders in the business, reduce waste and improve the productivity at Fancy Shoes. The three key elements of the Fancy Shoes strategy are affordability, attractiveness and comfort – in other words, comfortable shoes at good prices. Kimto has always been the only one to take all business decisions and having Kimberley as a partner for the running of the business will not be the same.

### **QUESTIONS**

- a) With reference to the case, describe the reasons why Kimto is a successful entrepreneur in shoe making. (10 marks)
- b) Identify the problems, which Kimto is likely to face as a sole trader? (06 marks)
- c) Describe risks that Kimto and Kimberley are likely to experience in their business. (06 marks)
- d) Name and explain any three Challenges that Kimto and Kimberley are likely to encounter when managing their business. (08 marks)

## QUESTION TWO

With the aid of a diagram and relevant illustrations, discuss the Product-Evolution process with key features and attributes exhibited. (20 marks)

## QUESTION THREE

- a) Explain any TEN methods, which can be used to unlock creative ideas and generate innovation. (10 mark)
- b) In the business context, enterprising refers to the implementation of a business venture or undertaking; briefly describe characteristics of an enterprising society. (10 marks)

## QUESTION FOUR

- a) Mwadada is a struggling maize vendor at Markit market despite heavy capital investment in his business. An inquiry in his transactions reveals that he runs his business without keeping records hence the business failure.
- i) You are required to advice Mwadada on the importance of having a basic book keeping program for his cereals business (05 marks)
- ii) Recommend to Mwadada FIVE requisites of a good system of keeping records that he should factor into his programme to help him avoid further losses. (05 marks)
- b) Discuss how an entrepreneur will cope with change and competition in a dynamic business environment (10 marks)

## QUESTION FIVE

- a) In relation to entrepreneurship, explain the following terms:
- i) Window of Opportunity (02 marks)
- ii) Entrepreneurial Action (02 marks)
- iii) Social Entrepreneurship (02 marks)
- iv) Angel Investor. (02 marks)
- b) Discuss with examples why franchising a business is popular than other methods of acquiring a business? (12 marks)