



MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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University Examinations 2010/2011

FIRST YEAR, SECOND SEMESTER EXAMINATIONS FOR DIPLOMA IN BUSINESS
ADMINISTRATION/DIPLOMA IN AGRICULTURAL EDUCATION AND
EXTENSION/CERTIFICATE IN AGRICULTURE

DBA 0212/BUS 0162: ENTREPRENEURSHIP SKILLS

DATE: APRIL 2011

TIME: 1½ HOURS

INSTRUCTIONS: *Question one is Compulsory. Answer any other two questions*

QUESTION ONE – (30 MARKS)

(a) Case study: Read the case below and answer question i, ii and iii only.

Two businessmen, Opiyo and Kevo, were sitting in the “Wananchi Restaurant” having tea. The point of their discussion was how each of them had started their business. The two friends own business in Kisumu Town. Opiyo owns the Wananchi Restaurant which is located near the Kisumu bus terminus, and Kevo owns a large hardware store which specializes in fabricated metal products and building materials.

Opiyo: Having worked as a Head Waiter at Kisumu Sunset Hotel for five years, I decided that I wanted to have a business of my own. I knew I could succeed in a restaurant business because I had served many customers and was now aware of their needs and expectations. I visited many restaurants and hotels within town and noticed that they were always crowded during lunch and dinner time. I used to pass near Kisumu bus terminus and I was always amazed at the large crowd of people around this place. I resigned from my job, rented this place and started “Wananchi Restaurant”

Kevo: I am a welder by profession and did my training at Kisumu polytechnic. I started by working for my uncle who had three welding machines. He had many customers ordering steel window frames, beds, gates and containers. After three years, I bought my own welding machine and started my own business. The market was there and one could see the town expanding rapidly in terms of infrastructure, buildings and industries. After

five years, I had six welding machines and ten employees. I was getting large orders from building contractors and hardware stores. It was then that I decided to open a hardware store so that I could cater for more customers.

- (i) Explain identification of business opportunity used by Opiyo. (4 Marks)
- (ii) What was Kevo's source of business opportunity (4 Marks)
- (iii) What are other sources of business opportunity not mentioned in this case? (2 Marks)

(b) Give five ways in which entrepreneurship contributes to national development. (5 Marks)

(c) State five characteristics of an entrepreneur. (5 Marks)

(d) Location is one of the factors that can make difference between success and failure of a business. Explain the information needed in choosing a business location. (5 Marks)

(e) All business operations are regulated by laws of the country. Describe five main Acts of parliament concerned with these laws. (5 Marks)

QUESTION TWO – (20 MARKS)

Discuss the organization life cycle models highlighting the stages of business growth. (20 Marks)

QUESTION THREE – (20 MARKS)

Discuss the theories of entrepreneurship (20 Marks)

QUESTION FOUR – (20 MARKS)

Explain small business enterprises under the following subheadings:

- (a) Types (5 Marks)
- (b) Characteristics (5 Marks)
- (c) Contribution to economic development (5 Marks)
- (d) Strengths (5 Marks)

QUESTION FIVE – (20 MARKS)

Write short notes on:

- (a) Types of changes in business (4 Marks)
- (b) Instituting change in business (6 Marks)
- (c) Hostility towards change (5 Marks)
- (d) Decision making steps (5 Marks)