



MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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University Examinations 2011/2012

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: AUGUST 2011

TIME: 1½ HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

QUESTION ONE – (30 MARKS)

Read the following case study and answer the questions that follow:

SANYA'S SHOE SHOP

Sanya worked at a large department store in the shoe department before becoming self-employed. When she accepted the job, it was after many weeks of unsuccessful job hunting and it was not exactly the job she had wanted. After working at the store for a year, she became increasingly unhappy. The job offered security but she was given very little responsibility and there was no opportunity for advancement.

Events changed for Sanya when she inherited some money from her wealthy aunt. She had always dreamed of owning her own business. She felt that working for someone else was too restrictive. Sanya had a talent for creative ideas and had never had an opportunity to use her ideas while working for other people. She did enjoy the personal selling involved in the selling shoes and saw a need in her village for a family shoe shop. Before quitting her job at the department store to start her own business, Sanya took a course in small business management and consulted with her parents who had been self-employed in the village for 15 year.

- (a) Sanya wants to be in control and have full responsibility for managing and financing the business venture. She is willing to risk losing her entire investment in return for the opportunity of retaining all profits if the business is successful. Considering these facts,

which form of business organization would Sanya be most likely to select? Give four reasons for your response. (5 Marks)

- (b) Although most of the initial capital needed will be supplied by her inheritance, identify four additional sources of equity capital she could use. (4 Marks)
- (c) Identify three sources of business idea used by Sanya. (3 Marks)
- (d) Explain five problems that Sanya is likely to encounter in starting and operating the shop. (5 Marks)
- (e) Highlight five legal requirements that are likely to affect Asanya's enterprise. (5 Marks)
- (f) Give five factors that Sanya would consider in choosing the location of her enterprise. (5 Marks)
- (g) Give three extrinsic motivation factors that would have prompted Sanya to venture in self-employment. (3 Marks)

QUESTION TWO – (20 MARKS)

Explain the intrinsic and extrinsic motivation factors that may enhance entrepreneurial behaviour among individuals and their influence in business. (20 Marks)

QUESTION THREE – (20 MARKS)

The market for clothes in Kenya is flooded with second-hand clothes popularly known as 'Mitumba'. This has seriously threatened the livelihood of new clothes shop in your local trading centre. Advise the owner of the shop. (20 Marks)

QUESTION FOUR – (20 MARKS)

Compare and contrast self-employment with paid employment. (20 Marks)

QUESTION FIVE – (20 MARKS)

- (a) Explain the importance of a business plan to a business. (5 Marks)
- (b) Describe the steps followed in writing a business plan. (15 Marks)