

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**University Examinations 2018/2019**

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS INNOVATION AND TECHNOLOGY MANAGEMENT**

**HEIT 2410: ENTREPRENEURSHIP AND INNOVATION MANAGEMENT**

**DATE: DECEMBER, 2018 TIME: 2 HOURS**

INSTRUCTIONS: ANSWER QUESTIONS ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

**QUESTION ONE: 30 MARKS**

After completing her secondary school studies at Thika Girls high School, Rhodah was highly optimistic that she would get a job straight away. However in spite of all the serious tarmacking, all she managed to get were a few poorly-paying part-time jobs.

After the end of the second year Rhodah resigned herself to the fact that she would not get a formal job. She took some time to think over her options. She realized that her goals were to make money, whether it was from a great office job or from self-employment. She promised herself that she would find something to do and make a lot of money.

In her was in Thika Town and the surrounding areas she observed there were hardly any furniture shops in the area. Furniture had to be bought from far-off places. At that point she decided to take advantage of the business opportunity by starting a furniture shop on the outskirts of Thika Town. She needed to raise Ksh. 100,000 to start the business.

After a lot of thinking, she decided to seek assistance from one of her uncles from Thika. He was impressed by the interest, determination and her conviction about the project and proceeded to lend her the money.

Rhodah started the business by searching for a suitable location where customer would see her creations as they passed by and where there were ample space.

She hired an assistant and bought the necessary tools and material. Rhoda furniture works was on its feet at last.

Within a few months, the demand for Rhodah furniture was overwhelming. Rhodah was able to earn enough money to take care of all the businesses expenses, cater for family needs and expand the business. Today, Rhodah furniture works is thriving. To get an even bigger share of the local market, Rhoda has hired two qualified carpenters and an assistant to ensure her products are of the best quality possible.

a. Rhodah success is an attribute to her strong entrepreneurial character. Explain. (5 marks)

b. Explain five reasons that led to the start of Rhodas furniture business. (5 marks)

c. In what five ways are the entrepreneur different from the businessman? (5 marks)

d. Like Rhoda’s, many young people are becoming entrepreneurs. Describe the basic role of entrepreneurship in an economy. (10 marks)

e. There are a multitude of legal issues in business which an entrepreneur must be aware of like Rhoda. Besides contract give other legal aspects of small businesses. (5 marks)

**QUESTION TWO: 20 MARKS**

a. Define the term motivation and explain the different factors that motivate people to become entrepreneurs. (5 marks)

b. Expound and illustrate on the three theories of entrepreneurship as they apply to the young entrepreneurs. (15 marks)

**QUESTION THREE: 20 MARKS**

a. Explain the various methods of generating business idea. (10 marks)

b. Briefly discuss how one can select and validate a business idea to be sure it’s a viable idea. (10 marks)

**QUESTION FOUR: 20 MARKS**

“Success in a business is a function of effective planning” Explain the steps followed in planning and the importance of having a business plan.