



MURANG'A UNIVERSITY COLLEGE

(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF SCIENCE AND TECHNOLOGY)

**END OF SEMESTER EXAMINATION FOR
BACHELOR OF HUMAN RESOURCE MANAGEMENT,
BACHELOR OF PURCHASING AND SUPPLY MANAGEMENT
HPS 2112: ENTREPRENEURSHIP
SUPPLEMENTARY EXAM**

7TH AUGUST 2015

TIME: 2 HOURS

Instructions:

Answer question ONE and any other TWO questions

QUESTION ONE: Read the case below and answer the questions based on it. (30 marks)

At an age 28, Jane Mose is an employer. She takes pride in the fact that she is able to pursue a business line that is at odds with her academic background and turn her passion – baking into a profitable business. A Computer Science graduate from Murang'a University, Ms. Mose is the Chief Executive Officer of Cakes Co. Ke. She started up with six permanent employees and two temporary staff. 'I was certain that this was something that I wanted to do on a commercial scale, hence the decision to set up an online shop for my cakes', she declared.

She was able to establish the business with a capital of sh. 15,000 that she got from her parents. Today, the business generates a monthly income of Sh.200, 000 on average. Although she had experience baking at home since she was 11 years old, Ms. Mose started baking commercially in 2008 when she was a student at the University. Business at the University was good since she did not face any competition. 'Both the student and the lectures were happy with my cakes. They found it convenient to buy them from within the school, saving them the trouble of ordering from town', she says.

At the time she sold at least two cakes everyday at an average price of Sh. 800. According to her, this price was relatively lower than what was quoted by other bakers in town, handing her a

business edge. Unlike her competitors, she did not have to worry about paying rent as she baked from her hostel room. In 2009, after graduating, she continued to bake from her parents' house. However, last year, she moved her business to allow her customers easier access. This was also prompted by improved sales which had climbed from an average of 20 cakes a month to about 15 a week. The relocation meant that she had to start factoring costs like rent into the price of her cakes, and do it in such a way as not to scare away her customers. Like any successful business person, she consulted widely on how to take into account the extra Sh. 45,000 monthly rent without losing her clients. "with the new costs, prices had to go up but I made sure that whenever I introduced a new price, I explained to my customers the reasons for it", she said. She also maintained the quality of her baking, which earned her customers loyalty. From the low of Sh.800 a cake when she first started, her products now cost as much as Sh. 26,000, depending on the size of the cake.

Her business has expanded to include bakery classes targeting chefs who want to get into baking, stay at home mothers with an interest in improving their skills, and individuals who want to venture in the world of commercial baking. The school, with a capacity of training eight people per class for two weeks, started in February this year and operates in the same building as the cake business. Ms. Mose says that so far, some people have been trained. The course costs Sh. 12,000.

She is working on an online payment portal which will integrate the use of cards and mobile money payments systems to cater for her customers who prefer to pay online.

Required:

- i) Identify SIX qualities/characteristics of a successful entrepreneur that Ms. Mose has exhibited in the above case. **(6 marks)**
- ii) Explain THREE entrepreneurial motivators that might have made Ms. Mose to start a cake baking business despite her training in Computer Science. **(12 marks)**
- iii) Discuss FIVE challenges that Ms. Mose might encounter in operating her cake baking business. **(5 marks)**
- iv) Suggest FOUR ways in which Ms. Mose can cope with competition for expansion and survival of her businesses. **(4 marks)**
- v) Discuss THREE lessons that a prospective entrepreneur can learn from the above case. **(3marks)**

QUESTION TWO

- a) Discuss five reasons for employee resistance to change within the organization **(10 marks)**
- b) Mr. Michael Macharia has registered a sole trade business. Explain five advantages of such a business form. **(10 marks)**

QUESTION THREE

- a) Examine the various types of leadership styles and how they can be applied in business **(10 marks)**
- b) Entrepreneurship may be defined as the process of creating something new with value by devoting the necessary time and efforts assuming the accompanying risks and receiving the resulting rewards of monetary and personal satisfaction and independence. With reference to the above definition, explain FIVE types of entrepreneurial risks an entrepreneur may face in operating a business. **(10 marks)**

QUESTION FOUR

- a) Entrepreneurship contributes to national Economic development by promoting effective domestic resources utilization. Discuss this statement with reference to your country. **(10 marks)**
- b) One of the emerging themes in entrepreneurship research and education is that women and minority entrepreneurs have emerged in unprecedented numbers. They appear to face obstacles and difficulties different from those that other entrepreneurs face. Explain any FIVE obstacles faced by women entrepreneurs in your country. **(10 marks)**

QUESTION FIVE

- a) According to Joseph Schumpeter, an entrepreneur must do something new or else there would be no point in his entering the market place. Explain five reasons why Technological innovation is important in entrepreneurship. **(10 Marks)**
- b) Discuss the importance of Business plan for a Small Business. **(10 Marks)**