



SUPPLIMENTARY UNIVERSITY EXAMINATIONS 2015/2016

EXAMINATION FOR Y1S2

DEGREE OF ENTREPRENEURSHIP

COURSE CODE: HRD 2401

COURSE TITLE: ENTREPRENEURSHI

DATE: TIME: 2 HOURS

INSTRUCTION TO CANDIDATES

Question one (1) is compulsory and Carries 30 marks

Answer **any other two** (2) questions: Each question has 20 marks



MRUC IS ISO 9001:2008 CERTIFIED

QUESTION ONE:

Kiragu an intrapreneur works in a micro finance and aims at growing it to a multimillion bank. He has dedicated his early morning to train his team in sales and marketing. He believes the team has potential of turning the business into an international bank. To realize his dream he keeps consulting the organization business plan. As an enterprise consultant respond to the statements below.

- a) Outline qualities that qualify Kiragu to an intrapreneur. (5mks)
- b) Kiragu is utilizing innovation to grow the business and not invention. Briefly discuss the two terms **invention and innovation.** (5mks)
- c) To realize the organization objective, Kiragu emphasizes on **price, product and promotion.** Briefly highlight on the contribution of the terms in Kiragu's organization. (10 mks)
- d) Outline 2 essential entrepreneurship components that have allowed Kiragu to continue achieving his plans. (5mks)
- e) .Kiragu requires to consult business plan and business proposal briefly elaborate on the two documents in response to their business contribution. (5mks)

QUESTION TWO

Being an entrepreneur;

- i) Briefly discuss the five steps you have to account for in decision making. (10mks)
- ii) Examine the marketing functions you will consider for your new venture. (10mks)

QUESTION THREE

As an entrepreneur describe:

- i). Your key roles in the success of your venture. (10 mks)
- ii) Factors that would contribute to the success of your business idea. (10mks)

QUESTION FOUR

Muranga housing merchants is a newly founded enterprise by Ten school leavers. Their mission is to build affordable housing units for muranga residents.

i). Evaluate the likely sources of funds for the group to finance their new venture.

(10mks)

ii). Discuss how the strong leadership of the chairperson would significantly grow the organization..

(10mks)

MARKING SCHEME FOR SUPPLIMENTARY EXAM

QUESTION ONE

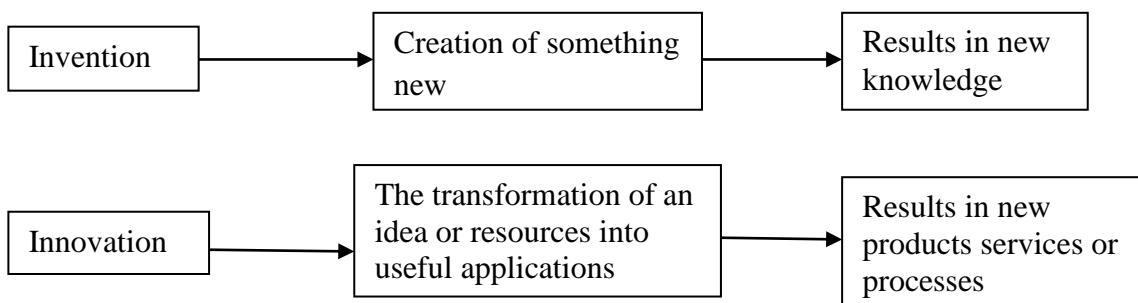
a) **Characteristics of an intrapreneur**

- He has high need to achievement
- He is a leader
- He is innovative and creative
- He is able to get along well with others
- He is creative and innovative
- He does not assume risk
- He does not assume profits nor loss.

b) **.invention and innovation discussion**

invention and innovation are processes used in entrepreneurship growth.

- Invention leads to creation of something new and thus results into knew knowledge.
- Innovation involves transformation of an idea or resource into a useful application.
- Then it results into new product, service or processes.



c). The three words are marketing mix essential for any organization marketing.

Product-

He can develop new product or modify the existing ones.

He needs to select brand name, repackage the product.

Pricing

- Establish price objectives
- Conduct cost analysis
- Analyze competitor's prices
- set actual prices

Promotion

- Determine type of promotion
- Design advertising message
- Select advertising media
- Schedule the advertisements

d). **Essential component of entrepreneurship**

- Organizing: He makes arrangement of resources required to run the enterprise. He is able to fully utilize physical, financial and human resources.
- Innovation: He is able to introduce new combination of factors of production.

e). –

Business plan is a road map of a business. It gives details of how the enterprise is to be operated.

- The plan identifies essential information needed by investors and bankers to make decision about equity financing.
- The key components include:-
 - ✓ Executive summary –enterprise synopsis
 - ✓ Business concept –description of product/service
 - ✓ Marketing –marketing research and analysis and marketing plan
 - ✓ Manufacturing and operations section
 - ✓ Entrepreneurial team –principal people are identified and their responsibilities delineated.
 - ✓ Financial section –provides financial statements i.e. profit and loss, cash-flow, projected balance sheet summaries.

Business proposal -a document that describes the idea.

Can be used to attract financiers ie venture capitalists

- ✓ Can be one page or several pages

- ✓ In proposal writing one considers what skill or idea exist
- ✓ Market existence
- ✓ Consider running costs to ensure costs are superseded by the returns.
- ✓ Consider behavior a potential customers and competitors.
- ✓ Business proposal is an earlier stage of developing an idea into an economic viable venture.

QUESTION TWO

i).decision making steps

Problem identification

- Clear distinction made between problem and symptoms which may cloud the real issues.
- Consider causes whether they are controllable or uncontrollable.

Problem analysis

- After identification analyze the problem in depth i.e.
 - Futurity of decision
 - Scope of its impact
 - No of qualitative consideration
 - Uniqueness of decision

Collection of relevant data

- Obtain relevant information about the data
- All information should be utilized fully for correct analysis.

Develop alternative solutions

- Determine available alternative courses of action.
- Only realistic alternative should be considered

Select the best solution

- Select decision that seems more rational
- Acceptance by the group is always desirable and useful in order to implement the decision effectively.

Converting decision into actions

- Decision is converted into action through his leadership.

Ensuring feed back

- Entrepreneur makes inbuilt arrangements to ensure feedback.
- This is in form of organized reports, personal observation.
- Feedback determines whether decision taken should be continued or modified.

ii).Marketing functions

Product

- Product development, design, packaging, labeling combine as product concept.

- Product is more than physical attributes and includes function, form, image and perceived benefits

Distribution

- Concerned with getting the product to the market
- Choosing marketing channels
- Providing services essential to transfer “value” to consumers

Promotion mix

- Includes advertising personal selling sales promotions publicity etc.

Pricing

- Price must reflect the value and image of a product or service.

QUESTION THREE

i) Functions of an entrepreneur

- Idea generation
- Determination of business objectives
- Product, analysis and market research
- Determines the form of ownership
- Completion of promotional formalities
- Material and machines procurement

ii). Factors that lead to successful business idea.

Pricing - get the price right for your product/service

Product – provide goods/services worth value of money charged

Idea protection –avoid copying and replication by other firms

Financing –availability of finances to implement the idea

- Family and friends
- Financial institutions
- own finances
- outside investors

Location of business – location should be suitable for employees, suppliers and customers.

Business plan

- Acts as a guide to idea implementation
- A tool for financing by banks etc.

QUESTION FOUR)

i). Sources of finances for a new venture

- Members personal savings
- Financial institutions (banks , microfinance’s)
- Venture capitalists
- Angels
- Business incubators
- Grants and subsidies

ii). Functions of a leader:

Motivating employees

- A leader breathes life into the group & makes people eager to work towards the achievement of group goals.
- He gives character to the group and sets the tone of the organization.
- The leader creates & maintains an environment conducive to high performance.

Morale building

- A leader lifts a man's vision to highest sights, raises performance & builds up his personality.
- He shapes the thinking and attitudes of the group and maintains discipline.
- He develops good relations & facilitates interaction between the members of the group.
- He maintains voluntary cooperation & discipline among followers.

Creating confidence

- A leader creates & sustains self-confidence & enthusiasm among his followers.
- He provides advice & guidance by which members recognize their qualities & capacity.
- He serves as a father figure & members gain strength & security by identifying emotionally with them.

Coordinating group members and activities.

- Helps unify individual efforts
- A leader fosters mutual understanding and team spirit among his followers.
- He creates a community of interest by harmonizing organizational goals & individual interest of the subordinates.
- He resolves internal conflicts by serving as an arbitrator & mediator.

Facilitates changes:

- A leader has mechanism to convince people about change.
- Dynamic leadership is the corner stone of organizational change and development.
- In the world of change & uncertainty the business leader is a vital element in every process of change itself.

Good setting

- A leader provides guidance by setting and interpreting the objectives.
- He outlines the operations of the organization and molds internal relationships within the group

Representation

- A leader is a representative of his followers.
- He serves the personal embodiment of the group and as the true guardian of its interest. He is the driving force for getting things done through others.

