



MURANG'A UNIVERSITY +
(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF SCIENCE AND TECHNOLOGY)
END OF SEMESTER EXAMINATION FOR BACHALOR OF SCIENCE IN
ENTREPRENEURSHIP MANAGEMENT
UNIT CODE; BHE 2108 MANAGING GROWTH IN SMALL ENTERPRISE

ORDINARY EXAM

APRIL: 22ND APRIL 2016

TIME: 2 HOURS

INSTRUCTIONS

ANSWERS QUESTION ONE AND ANY OTHER TWO QUESTIONS.

QUESTION ONE

Mwamba has worked in the government for six years now, and his work life has been quite eventful. Before he joined the civil service he was offered employment in a private company that had just set base in Kenya. In its initial two years of operation it had won the envy of many businessmen who had operated in the same sector for a long time. After a written interview and several subsequent oral interviews, the company selected Mwamba, out of an initial group of eight applicants who had passed the written interview. But before taking up the company offer, he received another job offer from the government, for which he had been waiting for so long that he had given up. He decided to take the government job because, he reasoned, it offered better job security; the private company job offer he turned down, though, had better remuneration and a more promising personal career development path.

His immediate boss, the head of department, was a big imposing lady who developed an emotional interest in him. Chaste Mwamba severally evaded her advances, until one day he decided to face up to her and told her the truth to her face. It is then that all hell broke loose upon him. Within the next three years, he was transferred to eight different sections, although still under her direct supervision. In each of the sections he landed, he dutifully performed his assignments diligently.

For the next one and a half years, she seemed to have forgotten him, but last year she seconded his appointment to head a section in another department, where the head of department to whom he was answerable was an affable elderly man with a moderate character. But the old devil seemed to have followed him. Within two months after the departmental transfer, the new boss gave him several verbal warnings concerning different aspects of job performance. Then just four months ago, he followed it with a show-cause-why letter copied to the ministry's permanent secretary on account of his absence from work for three consecutive days. This was while his wife was hospitalized; he had officially been allowed only one day off.

Last month the intention of the government to lay off some workforce in order to reduce recurrent expenditure was communicated via a circular to all civil servants. Mwamba fears the possibility of being retrenched. As a result he is seriously considering what he should do next – whether to wait and see what fate turns out, or to take another job, should he find one.

Required:

- a) Explain the benefits that Mwamba will get if he ventures into self-employment (10 marks)
- b) Identify any five entrepreneurial characteristics that Mwamba lacks, and suggest how he can be helped to develop each one of them (10 marks)
- c) If he should decide to go into self-employment, advise him the process he should follow in order to maximize his chances of success (10 marks)

QUESTION TWO

- a) As an enterprise grows, an entrepreneur is required to make the 'entrepreneurial transition' from being an operator to being a manager. Explain why this is necessary (6 marks)
- b) Explain seven sources of business finance (14marks)

QUESTION THREE

- a) Discuss the factors that may indicate there is need to train the staff of a small scale retail shop. (10marks)
- b) Examine the lifecycle of the venture and the characteristics of each phase (10 marks)

QUESTION FOUR

- a) Explain the importance of the marketing function in a small enterprise (8marks)
- b) Modern technological developments have increased possibilities for innovative promotional strategies that small businesses can easily afford. Discuss any three different ways in which small businesses may capitalize on these developments (12 marks)