



# MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR  
BACHELOR OF COMMERCE

UCU 104: INTRODUCTION TO ENTREPRENEURSHIP

DATE:

TIME:

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## INSTRUCTIONS

- i. *The paper has five questions*
- ii. *Question 1 is compulsory 30 marks.*
- iii. *Answer any TWO questions each 20 marks*

1. Read the case study below and answer the questions that follow it. (30marks)

### CASE STUDY: 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 a 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 working 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 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 years.

### QUESTIONS TO ANSWER

- 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 likely to select? Highlight four reasons for your response. (5 marks)
- b) Although most of the initial capital needed will be supplied by her inheritance, identify three additional sources of equity capital she could use. (3 marks)
- c) State two typical contractual agreements that Sanya is likely to be involved in. (2 marks)
- d) Explain five problems that Sanya is likely to encounter in starting and operating her shoe shop. (5 marks)
- e) Outline entrepreneurial attributes that Sanya possesses that will enable her succeed in running the proposed shoe shop. (5 marks)
- f) Outline reasons that forced Sanya to start a business. (6 marks)
- g) Explain the future anticipated challenges (4 marks)

### QUESTION TWO

- a) Explain the difference between an entrepreneur and entrepreneurship. (4 marks)
- b) Explain any FIVE entrepreneurial skills (10 marks)
- c) Describe any THREE types of entrepreneurs (6 marks)

### QUESTION THREE

- a) Discuss FIVE roles played by the entrepreneur in the business (10 marks)
- b) Highlight any FIVE characteristics of a good business idea. (10 marks)

### QUESTION FOUR

- a) Explain what entrepreneurs should do to avoid stress and anxiety (10 marks)
- b) Describe theory X and Y in entrepreneurship. (10 marks)

### QUESTION FIVE

- a) Highlight THREE documents necessary for the formation of a private company (3 marks)
- b) Differentiate between a quasi-partner and a general partner (4 marks)
- c) Explain any six myths that are associated with entrepreneurship. (12 marks)