



MACHAKOS UNIVERSITY

University Examinations 2016/2017

SCHOOL OF HOSPITALITY AND TOURISM MANAGEMENT

DEPARTMENT HOSPITALITY MANAGEMENT

**SECOND YEAR SECOND SEMESTER EXAMINATION FOR DIPLOMA IN
HOSPITALITY AND TOURISM MANAGEMENT**

SHT 411: ENTREPRENEURSHIP IN HOSPITALITY AND TOURISM.

DATE: 6/6/2017

TIME:2.00-4.00 PM

INSTRUCTIONS

The paper consists of two sections A&B

Sections A is compulsory, then answer any 2 questions from section B

SECTION A

Read the case study and answer the following questions.

TURNAROUND STRATEGIES ADOPTED BY MASII ENTERPRISES

A Masii enterprises was a public limited company incorporated in 2005 under the Companies Act. In early 2010s it started to experience financial and operational difficulties which resulted in a marked diminution of the Company's resources consequently it is unable to meet its financial obligations. On 31st May 2012, the Board of Directors resolved that the company ceases operations and on 2nd June 2012, the Debenture Holders placed the Company under receivership. Following a framework agreement between the Government of Kenya, suppliers and debenture holders, the company was revived and commenced operations from 15th July, 2012 under Specialized Receiver Manager and interim management. By the end of 2014

financial year, Masii enterprises returned a profit of Ksh106 million against a loss of Ksh 257 million the previous year marking a turnaround of Ksh 356 million.

The company had been faced by various problems including high amounts of unpaid debts, unplanned expansion projects, conflict of interest among the board members, cash flow imbalances, corruption, lack of operating capital, low price competition and monopolistic mindset. The interim management team put together Masii enterprises recovery plan which included a combination of turnaround strategies to rescue the company from total collapse. These strategies included recapitalization, cost management, improved customer service, maximization of sales revenue and business reorganization and restructuring. Company stakeholders play a major role in the revival of the business and when a firm is faced by performance crisis it should consider replacing the existing top managers and hire an experienced managerial team to steer the turnaround process.

Required

1. a) Describe in detail the eight factors that led to the woes experienced by Masii enterprises company ltd. (16 marks)
- b) “Company stakeholders play a major role in the revival of a business when a firm is faced by performance crisis”. Explain this statement basing your argument on the Masii enterprises case. (4 marks)
- c) Other than the strategies given in the case, state and explain any other three strategies that Masii enterprises company ltd. would have adopted in its recovery plan. (6 marks)
- d) Discuss the implication of the above crisis to the Masii enterprises company ltd. (4 marks)

SECTIONS B

2. a) Define the following terms:
 - i. An entrepreneur
 - ii. An intrapreneur
 - iii. Entrepreneurship
 - iv. Market
 - v. A partnership(10 marks)

- b) An entrepreneur can start a business from the scratch OR buy an existing one. State three advantages and two disadvantages of operating each of the above businesses. (10 marks)
- 3 a) Describe the following types of entrepreneurs.
- i. Speculators
 - ii. Social
 - iii. Concept multipliers
 - iv. Acquirers
 - v. Buy-sell artists (10 marks)
- b) Explain the factors affecting the emergence of growth of hospitality entrepreneurship. (10 marks)
4. a) Distinguish between an entrepreneur and a manager. (4 marks)
- b) Explain the different stages that a business requires finance. (6 marks)
- c) List ten sources of business finances. (10 marks)
5. a) Describe the major components of a proposal for raising capital. (10 marks)
- b) i) Define the term marketing. (2 marks)
- ii) Marketing analysis is an important exercise before starting a business. Explain the factors to consider in analysis. (8 marks)