



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 SCIENCE (FASHION DESIGN & MARKETING)

BACHELOR OF SCIENCE (PUBLIC HEALTH)

BACHELOR OF EDUCATION (ARTS)

BACHELOR OF EDUCATION (SCIENCE)

UCU 104: INTRODUCTION TO ENTREPRENEURSHIP

DATE: 26/7/2019

TIME: 8:30 – 10:30 AM

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)

YASMIN MOTOR DEALERS LIMITED

Yasmin Motor Dealers Limited established in 2005, is located along General Kamau in Mombasa City's industrial area. The business name 'YASMIN' was chosen after a family deliberation during which time it was decided that since the only daughter in the family was called Yasmin, meaning the lucky one. It will augur well for the first family owned business to be associated with that name.

The company at its inception used to deal in auto spares and motor repairs. It was not by accident that the owner manager of Yasmin Motor Dealers Ltd. Mr. Hassan, started the enterprise at the particular time. Before that, he had been employed as the Managing Director of Karsam Auto Service Ltd in Kisumu but resigned just before the company wound up in 2007 due to conflict in

dealership with an associate company. It has since grown into a fairly large enterprise that deals in motor vehicle sales and service.

Mr. Hassan's son Hamisi had joined his father as a storekeeper in the new business immediately after completing his secondary education in 2009. As a young man, he earned a good salary but spent most of the money recklessly. After one year of work, his father advised him to enroll for an automotive engineering course with Fiat Italy. While pursuing a course in Italy, he occasionally engaged in casual employment which earned him some money to supplement his training and upkeep.

Hamisi returned to Kenya two years later and joined FIAT (Kenya) as a management trainee (automotive) and worked with the firm for one year after which he joined D.T. Dobie as a Genuine Parts Manager. In 2013, he resigned to join the family business.

Hamisi joined the family business as a Managing Director at the time when the business was faced with a lot of problems and challenges. His father was ailing, the number of employees had trebled from 15-45, in addition several competitors had encroached to what used to be a monopoly in the region.

After studying the performance of the business, Hamisi realized that there was need to come up with strategic plan to enable the company to keep up with the problems and challenges. He approached his former employees, FIAT and D.T. Dobie for business linkages. Yasmin Motor Dealers Ltd now owns exclusive franchise for Toyota, Fiat, Mercedes Benz, Nissan and Mitsubishi in the coastal area of Kenya.

The company's growth has resulted in the restructuring of its departments with the introduction of the Quality control department, Human Resource department, Marketing & Sales department and Financial department. The production department has been split into three sections i.e spare parts, service and motor sales. Yasmin Motor Dealers Ltd. Owns the biggest showroom of motor vehicles in Mombasa.

The challenges Mr. Hamisi is facing now are the trade union demands for salary increase, rapid technological changes and liberation in the motor vehicle industry which has resulted into the influx of second hand vehicles and spare parts from Dubai, China and Japan respectively.

During his tenure as the Chairman of Mombasa Rotary Club, two secondary schools were constructed for the less fortunate members of the society. A low cost dispensary was also put up in Mtwapa region. Mr. Hamisi is not only a good manager but also the coastal champion for the last three years. He is also the snooker patron for the Coast Youth Snooker Club.

To compete with second hand vehicles from Japan and Dubai, Yasmin Motor Dealers has come up with strategy of buying old indigenous assembled vehicles and reconditioning them to meet customer needs. Mr. Hamisi is presently considering introducing new technology in car assembly and servicing.

QUESTIONS

- a) Explain FOUR factors that have contributed to Mr. Hamisi's success in the Motor industry. (8 marks)
- b) With reference to Yasmin Motor dealers Ltd., express how the following factors affect the management of the business.
- i. Inheritance
 - ii. Technological
 - iii. Cultural
 - iv. Social (8 marks)
- c) Highlight the internal and external challenges that Mr. Hamisi is facing in the running of the business. (6 marks)
- d) State the products that the company is offering to customers. (3 marks)
- e) Explain to Hamisi benefits of writing a business plan (5 marks)

QUESTION TWO

- a) Explain the term 'entrepreneurship' as given by different scholars. (4 marks)
- b) Describe the self assessment techniques that an entrepreneur could use to evaluate her/himself in order to run a successful enterprise. (10 marks)
- c) Briefly explain psychological theories of entrepreneurship. (6 marks)

QUESTION THREE

- a) Explain a policy framework (4 marks)
- b) Describe the main components of a policy paper. (6 marks)
- c) Highlight any TEN characteristics of a good policy. (10 marks)

QUESTION FOUR

- a) Explain the term unlimited liability in connection with a sole proprietorship. (2 marks)
- b) Identify and explain FOUR sources of business ideas for writing a business. (8 marks)
- c) Organization and Management plan is an important component of a business plan. Explain the sections of this component. (10 marks)

QUESTION FIVE

- a) Briefly explain any five financial ratios that could be used by entrepreneurs as control mechanism to test financial strength of new venture. (10 marks)
- b) Explain factors which borrowers of funds must consider when sourcing for finance. (10 marks)