



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

**DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT
SCIENCES**

**FIRST SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN
ELECTRICAL AND ELECTRONICS ENGINEERING**

ECO 302: ENTREPRENEURSHIP

Date: 8/12/2015

Time: 8:30 – 10:30 AM

INSTRUCTIONS:

Answer Question One and Any Other Two Questions

SECTION A: 30 MARKS

QUESTION ONE

- (a) Explain the term incubation (3 marks)
- (b) Differentiate between innovation and invention (4 marks)
- (c) Highlight the business start up process (3 marks)
- (d) Define the term market (2 marks)
- (e) State and explain four ways of identifying a business opportunities (8 marks)
- (f) Explain five stages in the creative process (10 marks)

SECTION B: 40 MARKS

QUESTION TWO

You have decided to start a company ABC International Enterprises. You have wonderful idea and have tested it on friends and done some preliminary market research. It looks very promising and although you have not yet written a full business plan, you feel that you can build a company to have revenues of more than kshs 100 million within eight years with pretty profits. At this stage, like many first-time entrepreneurs, you have not really thought through what you want you want to be when you grow up. Issues such as attracting different sorts of finance and heaven forbid, selling the company have hardly crossed your mind. You have saved kshs 200,000/- and your mother has agreed to lend you kshs 50,000/- for as you need it to start the company.

You think this is just enough to get you off the ground and you might even be able to squeeze through to profitability with this injection of funds. But although you are very excited, you realize that there is a lot you do not know. In talking to a number of friends, some of whom have started companies themselves, you feel that you need a partner to complement your skills, to be there when things are tough and to share the load.

- (a) Give five features of partnership. (10 marks)
- (b) Discuss the formulation of this type of partnership. (6 marks)
- (c) List two advantages and two disadvantages of partnership. (4 marks)

QUESTION THREE

- (a) Discuss any five cultural values that would encourage the development of entrepreneurs practice. (10 marks)
- (b) According to Peter Schumpeter creativity is a key determining aspects of entrepreneurship. Briefly explain the qualities of a creative person. (10 marks)

QUESTION FOUR

- (a) Most small scale enterprises carry out the trading activities at a central location. Outline the measures an entrepreneur would take to gain a competitive edge over her competitors. (10 marks)
- (b) Explain the steps the Kenya government has taken in order to promote entrepreneurship. (10 marks)

QUESTION FIVE

- (a) Briefly explain six benefits of a business plan to an entrepreneur. (6 marks)
- (b) Describe the main components of a business plan. (14 marks)