

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR
OF ENTREPRENEURSHIP AND ENTERPRISE MANAGEMENT**

BEEM 427: FAMILY BUSINESS MANAGEMENT

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 20/09/2021

2.30 P.M – 4.30 P.M

INSTRUCTIONS

- **Answer question one and any other two questions**
- **Do not write anything on the question paper**

QUESTION ONE

Family business literature recognizes the influential position of founders. Due to their long tenure and the centrality of their position in the family firm, founders exert considerable influence on the culture and performance of their firms during and beyond their tenure.

Required :

- (i) (a) Discuss the influence of the founders on the culture of a family business. [10 marks]
- (b) Briefly explain the significant contribution of the founders, family to the success and sustainability of a family business during the founders stage. [10 marks]
- (ii) Identify five sources of conflict in family business and suggest appropriate conflict management strategies. [10 marks]

QUESTION TWO

- (a) With reference to the systems model of family firm, demonstrate how the systematic interactions of the family unit, business entity and firm management are linked to performance outcomes. [12 marks]
- (b) Discuss the major functions of a family constitution. [8 marks]

QUESTION THREE

The governance system of a family business constitute structures and processes that secure legitimacy and economic viability. Discuss the functions and composition of any three components of family business corporate governance. [20 marks]

QUESTION FOUR

- (a) With the aid of practical examples, explain how family business can be professionally managed. [10 marks]
- (b) Succession planning has been associated with the high rate business failure. Explain why succession planning has not been effective in many entrepreneurial firms in Kenya. [10 marks]
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