

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THARAKA CAMPUS

EXAMINATIONS FOR THE AWARD OF DEGREE OF BACHELOR
OF COMMERCE

BEEM 111: PRINCIPLES OF ENTREPRENEURSHIP

STREAMS: BCOM (Y2S1)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 08/8/2018

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- Answer question ONE and any other TWO questions
- Do not write on the question paper

QUESTION ONE (COMPULSORY) – 30 MARKS

(a) Mary and Lucy were very close friends since school days, accompanying each other not only to the library but also to health gym every evening.

In fact, there would always be a competitive spirit among both of them while exercising in the gym and it was not coincidental that both matched each other's capability in every respect. It was during one such chore that it emerged that both of them had a common pursuit of setting down with a venture associated with health fitness. Simultaneously, it was the time when average individual was becoming health conscious and almost every third individual was either a member of a club or was involved in personal discipline of exercise. Even corporates were promoting health consciousness in their employees, offering gymnasium membership or housing a fitness center within the premises. Mary and Lucy have now started putting their heads together and are in the process of conceiving a business plan in context of a pursuit in the field of health fitness. When the

BEEM 111

ideas was discussed by both with their parents, it was agreed that a fitness center with a beauty salon along with a facility for stress management could be the right combination. However, it was apparent that the project would involve a capital outlay of nothing less than 150,000. Fortunately Mary has almost been offered a place by her uncle at Gatunga in his new residential building, on lease, and family and relatives may garner a maximum of 75, 000 but balance would have to be raised from other sources.

You are now required to help Mary and Lucy to:

- (i) Explain 5 reasons why people choose to become entrepreneurs [5 marks]
- (ii) Identify any 5 elements of their business plan [5 marks]

- (b) Discuss 5 things that makes small business to fail and suggest solutions to minimize the failure rate [10 marks]
- (c) Explain any 3 common types of entrepreneurs [6 marks]
- (d) Discuss 4 ways in which entrepreneurial firms contribute to economic development [4 marks]

QUESTION TWO

- (a) Explain 5 differences between an entrepreneur and a manager citing examples [10 marks]
- (b) Explain 5 challenges encountered by women entrepreneurs and how can be mitigated in Kenya [10 marks]

QUESTION THREE

- (a) Evaluate 5 causes of slow growth of enterprises in Kenya and their solutions [10 marks]
- (b) Explain 5 myths that are associated with entrepreneurs and their application [10 marks]

QUESTION FOUR

- (a) Explain 7 reasons why small businesses require to have a business plan [14 marks]

BEEM 111

- (b) Elaborate Mc Clelland's motivation theory showing how it influences entrepreneur's behaviour [6 marks]
