



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE

OF

BUSINESS ADMINISTRATION

COURSE CODE: BCE 305/1RD 305

COURSE TITLE: ENTREPRENEURSHIP

DATE: 15TH JANUARY 2015

TIME: 8.00-10.00 A.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

SECTION A – COMPULSORY

Question one

Read the following case study and hence answer the questions that follow

‘Tenacity at Fuala’

People’s relationship to chocolate starts in childhood. Parents often motivate their kinds simply by promising them a piece of chocolate. The making of candy is more of an art than a business, and managing a chocolate business requires more than just management skills.

The idea started when he was an architect student in campus in 1998. He questioned himself on being wealthy asking himself what is it some people do right and others don’t do right to become wealthy. He envisioned himself leading a team of men and women to navigate the journey of being wealthy. In 2002 he managed to convince 7 of his college friends who were in professional employment to each contribute Kshs. 10,000 a month for this venture. They started as a savings group and transited to a partnership and finally a corporate body. In the beginning they were enthusiastic with their contribution; however some of the embers left the country for professional engagements outside the country. With only two members the venture nearly went under, however Odunga held on to his childhood dream. After 5 years of ups and down coupled with non-existence profits Faula chocolates made its first major order to supply a major supermarket chain with over 60 branches in the region with its chocolates.

Using his knowledge, experience and hardwork, Odunga managed to transform his dream into practice through insistence and hard work. The chocolate shop “Faula” was the first in this field to be made in the country of Busia, and he managed to enlarge the business from small shop in 2002 to 16 branches locally and regionally within ten years. Through expert manoeuvres and acquisitions managed to rapidly grow the business to the level it is now.

In the 13 years they have been in existence they have managed to diversify the company to include manufacturing, real estate, telecommunication, insurance and banking. They have made research a hallmark in their development of new products enabling them to have designs that are ahead of their completion.

Question one

- a) The story in this case study serves as source for imitation for those willing to start a new business as it illustrates real challenges that beginners may face. Elaborate on six key elements that enable one to be a successful entrepreneur. (6 marks)
- b) What type of business ownership is Fuala Confectioners? Describe its advantage and disadvantage of such a venture. (10 marks)

- c) The founding members of Fuala left the organization for greener pastures abroad. This made Fuala lack the necessary cash flow for growth. Describe the manner at which Fuala could have overcome this challenge to raise capital for expansion (5 marks)
- d) Describe the type of methods that Fuala utilized to promote their business. (5 marks)
- e) Human resource is important in the success of any business venture. Explain the legal requirements in labour acquisition that Fuala have had to fulfill for the business to operate smoothly. (4 marks)

Section b: Answer any two questions

Question 2

For the last 7 years, Wasike has been assisting to manage his father's hotel while on holidays. In the just concluded "Bonyesha na Safaricom" Competition Wasike won Kshs. 200,000. He comes to you planning to start a business. Advice him on the various forms of business ownership he can choose. (20 marks)

Question 3

The following are some theories associated with entrepreneurship. Discuss;

Sociological theory (7 marks)

Economic theory (6 marks)

Psychological theory (7 marks)

Question 4

- a) Explain what is meant by a business plan (2 marks)
- b) Discuss the features of a business plan (10 marks)
- c) What are the benefits associated to proper business planning (8 marks)

Question 5

When marketing their products firms need to create a successful mix. Identify and explain the key parameters of a successful market mix. (20 marks)