



THE KENYA POLYTECHNIC UNIVERSITY COLLEGE

END OF YEAR I EXAMINATIONS NOVEMBER 2007 ENTREPRENEURSHIP EDUCATION 3 HOURS

INSTRUCTIONS TO CANDIDATES:

You should have the following for this examination:

Answer booklet

Answer any FIVE questions.

This paper consists of THREE sections, A, B and C.

Section A (CASE STUDY) is COMPULSORY.

Answer ALL questions from section B.

Answer ONE question from section C.

The maximum marks for each part of a question are as shown.

This paper consists of 4 printed pages.

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SECTION A: CASE STUDY (30 MARKS)

1. *Read the passage below and answer ALL the questions that follow.*

KEN'S SHOE REPAIR & MANUFACTURING ENTERPRISE

Ken graduated from Kenya Polytechnic with a diploma in printing technology in 1998. After many months of unsuccessful job hunting, Ken accepted a job at a large department store in the shoe department. However it was not what he wanted. After working at the store for two years, he had become increasingly unhappy. The job offered security but he was given little responsibility and there was no opportunity for advancement. Later he quit the job.

He had managed to save money and with a boost from his wealthy uncle, Ken was able to start his own enterprise; shoe repair and manufacturing workshop in Siaya town. Ken attended a business management course and consulted with his parents who were self employed in the village for 15 years. He was assured of constant leather supplies by signing a contract with Excellent Leather Co. Ltd, Nairobi.

Although Ken was able to sell his product, it took him long to gain the confidence of his customers and capture a sizeable market. Soon he began to realize that the size of his market seemed to be stagnant. Despite having been in business for now three years, he was not able to post high profit and his enterprise could not adjust to changes. At this point of his business, he decided to visit a small business counselor at the Kenya Polytechnic Enterprise Development Centre for advice on what changes to effect in his business to spur growth and activity again.

After visiting the counselor regularly for a period of about six months and the counselor visiting the business for on-site counseling severally, the business

started experiencing a reasonable cash flow position and started attracting orders from outlying towns and districts.

Questions:

- (a) Identify the two sources of finance Ken used to raise capital for his business. (4 marks)
- (b) Outline THREE benefits for Ken from this type of financing. (3 marks)
- (c) If Ken needed working capital, what THREE additional sources of finance could he use? (3 marks)
- (d) Explain FOUR problem areas the counselor may have addressed in trying to assist Ken. (8 marks)
- (e) Suggest solutions to each of the FOUR problems identified in question (d) above. (8 marks)
- (f) State FOUR factors that could have motivated Ken to start his own business. (4 marks)

SECTION B:

(50 MARKS)

Answer ALL questions from this section.

- 2. (a) Define FIVE techniques of good time management. (10 marks)
- (b) Explain the effects of time mismanagement on a business. (10 marks)
- 3. (a) Explain FIVE techniques that an entrepreneur can use in business decision making process. (10 marks)
- (b) Discuss TEN characteristics of an effective leader in business. (10 marks)
- 4. Explain TEN factors that lead people to make self-employment a career. (10 marks)

SECTION C: (20 MARKS)

Answer ONE question from this section.

5. Mr. Kamau has decided to start a bakery in Nyeri town.
- (a) Explain SIX activities of production management that he has to consider. (12 marks)
 - (b) Discuss FOUR main methods that Mr. Kamau would employ to reduce the labour cost. (8 marks)
6. (a) Define the following terms:
- (i) Marketing (2 marks)
 - (ii) Marketing concept (2 marks)
- (b) Explain FOUR factors that marketers must consider in the choice of the distribution channel. (8 marks)
- (c) Explain the FOUR components of the promotion mix. (8 marks)