



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND
TECHNOLOGY
(MMUST)
MAIN CAMPUS**

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

SECOND YEAR TRIMESTER EXAMINATIONS

**MASTER OF BUSINESS ADMINISTRATION
(ENTREPRENEURSHIP OPTION)**

COURSE CODE: MBA 890

COURSE TITLE: ENTREPRENEURIAL THEORY

DATE: MONDAY 25TH JULY 2022

TIME: 2:00 – 5:00PM

INSTRUCTIONS TO CANDIDATES

1. The Paper Contains Two Sections: Sections A and B
2. Answer ALL Questions in Section A and Any THREE Questions in Section B in the Answer Booklet Provided
3. Diagrams and Graphs should be clearly illustrated.

TIME: 3 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over ►

SECTION A: COMPULSORY (40 MARKS)*(Answer ALL Questions from this Section)***QUESTION ONE: CASE**

Read the following case and then answer the questions below:

COLLEGE: A GREAT PLACE TO LAUNCH A BUSINESS

For growing number of students, college is not just a time of learning, partying, and growing into young adulthood; it is fast becoming a place for building a business. More than 3,000 colleges and universities offer courses in entrepreneurship and small business management to more than 200, 000 students, and many of them have trouble keeping up with demand for these classes. “Students used to come to college and assume that five to ten years down the road, they would start a business,” say Gerry Hills, co-founder of Collegiate Entrepreneurs Organization (CEO). “(Today), they come in preparing to get ideas and launch.”

Many of these collegiate entrepreneurs’ ideas come from their college experience itself. Russell D’Souza and Jon Groetzinger, students at Dartmouth College, watched fellow students discard perfectly good dorm furniture at the end of each academic year rather than move it or pay to store it over the summer. “We realized there is a great market for a furniture rental company that provides everything students need for their dorms,” says D’Souza. The two student entrepreneurs used their personal savings to launch their company, Evolving Vox, and to purchase modern dorm room essential such as flat screen televisions, DVD players, compact refrigerators, lamps, telephones, chairs, and futons. Students place orders through the Evolving Vox Web site and receive free delivery. D’Souza and Groetzinger were overwhelmed by the initial response to their business; Dartmouth College students flocked to their Web site, and sales quickly exceeded \$250,000. They have expanded Evolving Vox to Brandeis University and Cornell University and have plans to open offices on 10 other campuses soon.

During his freshman year at the University of Central Florida, David Lopez was participating in an internship program with a Fortune 500 business. After being marched into the company cafeteria with his co-workers, who were informed that their jobs were being eliminated on the spot, Lopez decided that a career in corporate America was not for him. “I wanted the American dream,” he says, “but I did not think I would achieve it with a corporation.” Having worked for two fruit smoothie stores in high school, Lopez spotted the opportunity to open a smoothie kiosk on the campus of a nearby community college. The initial barriers he faced were getting permission from college officials to open the kiosk and finding the financing to get the business running. Lopez badgered the college’s cafeteria manager until he finally won approval to open a smoothie kiosk on campus. To get the capital he needed to set up the kiosk, Lopez maxed out his student loans (which he now admits may not have been legal) and used the \$20,000 to buy equipment and cover start-up costs. Today, Lopez who married his college sweetheart (who also was his business partner in the smoothie kiosk business), is the CEO of Fruits Smoothie and has sold more than 100 franchises in the United States and abroad.

Source: Adapted from Glenn Rifkin, “A Classroom Path to Entrepreneurship,” New York Times. May 2008 in Scarborough, N. M. (2014). Essentials of Entrepreneurship and Small Business Management, Sixth Edition. Boston, USA: Pearson pp. 33)

QUESTIONS

- a) In addition to the normal obstacles of starting a business, what other barriers do collegiate entrepreneurs face (10 marks)
- b) Explain with reasons the entrepreneurial theory that best describes this case (10 marks)

- c) What advantages do collegiate entrepreneurs have when launching a business (10 marks)
- d) What advice would you offer a college student about to start a business (10 marks)

SECTION B (60 MARKS)

(Answer Any THREE Questions from this Section)

QUESTION TWO

- a) The management theory puts a lot of emphasis on proper planning in the enterprise. Describe the essential elements of a good business plan that an entrepreneur should put place when preparing a business plan. (10 marks)
- b) Examine the internal and external features that motivate people to go into self-employment (10 marks)

QUESTION THREE

It has been opined that by sidestepping the folklore myths can build a foundation for critically researching the contemporary theories of and processes of entrepreneurship. Regarding this opinion, explore and debunk the myths of entrepreneurship (20marks)

QUESTION FOUR

- a) With reference to the key stages of the firm and venture typology theory, discuss with examples why firms' loss their entrepreneurship ways (10 marks)
- b) Corridor principle stipulates that with every venture launched, new and unintended opportunities arise. Using this assertion as a basis of your argument, identify sources of business idea (10 marks)

QUESTION FIVE

- a) According to the venture financing theories, financial institutions rarely reveal everything concerning a loan to entrepreneurs. In view of this statement, what would you advice an entrepreneur to pay attention to when choosing a source of finance for his or her enterprise (10 marks)
- b) In any economy, the entrepreneur role has been seen as distorting the status quo (the general equilibrium) through innovation. Using this assertion as the basis of your argument, explain how an entrepreneur is observed as an agent of change who distorts the general equilibrium of the economy (10 marks)

QUESTION SIX

One way of tracing the development of entrepreneurship is to trace the evolution of the definition for an entrepreneur. This evolution may be traced through time periods or eras and via various academic schools of thought presented by celebrated scholars. Critically evaluate the theories that have contributed to the definition and description of entrepreneur (20 marks)

