



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

**MAIN CAMPUS
SECOND SEMESTER
UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
FOR THE DIPLOMA**

**IN
INFORMATION TECHNOLOGY**

COURSE CODE: DIT 061

**COURSE TITLE: INFORMATION TECHNOLOGY
ENTREPRENEURSHIP**

DATE: 13/04/2023

TIME: 8:00-9:30AM

INSTRUCTIONS TO CANDIDATES

Answer Questions ONE and ANY OTHER TWO.

Section (A) is compulsory

Answer TWO questions in section

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

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

SECTION A: COMPULSORY

24 MARKS

QUESTION ONE (Read the case below and answer the questions which follows)

High Business Mortality Rate

Close to half a million small enterprises in Kenya die annually as the business environment in the country gets bumpy. According to a survey released on Monday this week, by the Kenya National Bureau of Statistics (KNBS), approximately 400,000 micro, small and medium enterprises (MSMEs) did not get to celebrate their second anniversary in the last five years arising concern over sustainability of this critical sector. A total of 2.2 million MSMEs were closed in the past five years, 2016 inclusive, “read the report in past which found that a significant of 46 per cent of the MSMEs surveyed died in their first year of establishment. The 2016 National MSMEs Survey sought to provide comprehensive data, at national and county levels, on the characterises, operations, dynamics and evolving nature of micro, small and medium scale enterprises in Kenya. The survey found that most MSMEs close because of increased operating costs, declining income and losses incurred from the business, and an indication that the country’s state of economy has not been as impressive as the official figures have shown. A tough economic environment combed with individual decisions in which some of the operators diverted returns to other non-business areas rather than reinvesting swam opt of them take a hit. Bitange Ndemo, an associate Professor at the University of Nairobi’s School of Business and former permanent Secretary in the Ministry of Information and Communications, blames this on Kenyans copying habit. “The problem is that most of our people prefer replicative businesses,” said Ndemo. He says that nobody does a market survey to see whether the business is viable. He illustrated his case with an example from Meru where farmers were encouraged to grow tissue bananas without being given the market. “We told farmers in Meru County to grow tissue bananas but then we did not deal with supply chains. We did not know who was going to buy; it is just that research had come up with this new good bananas. Now that banana is chaotic because it has taken space for farming, they can’t sell it and they have resorted to very desperate measures,” and Ndemo Dr. Joyce Kiiru, an economist Lecturer at the University of Nairobi, said beside difficulties normalizing MSMEs, most people who either have the skills nor passion for business are getting into the SME sector for lack of “meaningful employment”. Such businesses are more likely to die sooner than later. The 2016 MSME Report sought to find, for the first time, the role of the SME sector in the Kenyan economy. The health of the economy is as good as its SME sector. Unfortunately even as many SMEs are springing up in the country, a good number of them are dying prematurely, brining into question the Government’s commitments to improve the business environment and incentive the SME sector.

According to a report by the Kenya National Bureau of Statistics, about 2.2 million MSMEs died into the last five years, a clear indicator to a tough business environment of the SMEs in the country. Getting licences on Wednesday, the World Bank realised its 14th edition of Doing Business 2017 which showed that Kenya had made tremendous improvement in the ranking moving 21 places. The country joined Mauritius, Rwanda and South Africa in the ranks of top 100 countries in ease of doing business. The Country jumped from position 113 in the previous ranking to perch itself at 92. Although the World Bank report from showed that the country moved up one place in the ease of registering property, operators of MSMEs surveyed in the KNBS report cited difficulty in getting licenses as one of the main challenges in doing business. MSMEs also grappled with cut-throat competition from other similar businesses, lack of access to the market, infrastructure and credit.

SOURCE: Standard on Sunday: Business: By Dominic Omondi, October 30, 2016.

QUESTION ONE: COMPULSORY – 24 MARKS

- (a) From the report above, discuss **FIVE** major cause of high business death rate in Kenya **(6 Marks)**
- (b) According to a report by the Kenya National Bureau of Statistics, about 2.2 million MSMEs died in the last five years. What remedies would you suggest to help Kenyans SMEs **(6 Marks)**
- (c) According to Bitange Ndemo, most people prefer replicative business:
 - (i) Which form of entrepreneurs are these **(2 Marks)**
 - (ii) Joseph Schumpeter's model of entrepreneurship would help Kenyans entrepreneurs out of replicative entrepreneurship. Bring out **FOUR** elements of this model **(4 Marks)**
- (d) If the dying SME sector was redeemed in Kenya, what impact would it make on the Kenyan economic landscape? **(6 Marks)**

SECTION B (ANSWER ANY TWO QUESTIONS)

QUESTION TWO

Ian Njiru is a struggling cereals seller in Kitale County despite his heavy capital investment in his business. An inquiry in his transaction's reveals that he runs his business without keeping proper records hence the business failure.

- (a) As an ICT expert, can you advice Ian on the importance of having a basic book keeping program for his cereals business **(10 Marks)**
- (b) Recommend to Ian four requisites of a good system of keeping records that he should factor into his program to help him avoid further losses **(8 Marks)**

QUESTION THREE

- a. Using relevant examples, discuss how entrepreneurship has contributed to solutions to the various social, technological and economic problems facing Kenyans today **(6 Mark)**
- b. Business planning is important for all businesses. Explain any Five reasons while citing examples why business planning is considered to be so important **(6 Marks)**
- c. Discuss any **FOUR** types of entrepreneurs **(6 Marks)**

QUESTION FOUR

- a. State and explain three benefits and drawbacks of becoming a franchisee? **(6Marks)**
- b. You intend to start a business and you are in the process of identifying a source of finance. Explain the sources and factors you may consider in the selection of such source of Finance. **(6 Marks)**
- c. Explain the term Entrepreneurial training? Discuss the various methods of training offered to Entrepreneurs? **(6 Marks)**

QUESTION FIVE

- a. Creativity and innovation are the cornerstones of entrepreneurship. What is the meaning of the terms creativity and innovation? **(4 Marks)**
- b. According to D.Holt (1992), the creative process comprises of **FIVE** stages. Using his model, describe and illustrate the creative process and explain the Five creative stages exhaustively **(10 Marks)**
- c. Discuss the future trends of information technology entrepreneurship **(4 Marks)**

