(*University of Choice*)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

(MMUST)

UNIVERSITY EXAMINATIONS SEMESTER 1 ACADEMIC YEAR 2023/2024

SECOND YEAR EXAMINATIONS FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: **BCB 204/ BCB 305**

COURSE TITLE: **ENTREPRENEURSHIP**

DATE: FRIDAY 19 TH APRIL 2024 **TIME: 3.00-5.00 PM**

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over.

risk, and Kim had always avoided debt; she dealt in cash and had always carefully calculated her expenses to avoid even the slightest loss. She realized that she was at a major crossroad in her young career, and the choice seemed to be whether to follow her dream and expand or to be content with her existing business.

Sources: *William Tucker, "Campus capitalists," Success! October 1985, pp 42-49 and personal interview with Kim Merrit, Association of college entrepreneurs convention, March 1990.*

Required

a) Identify any five entrepreneurial characteristics of Kim Merrit which correspond to characteristics described for successful entrepreneurs. (10mks)

b) Bring out five challenges Kim Meritt faced regarding the decision whether to expand into a chain of upscale chocolate stores. (10mks)

(c) Based on what you know about Kim, would you say her success was due to luck or persistence? Explain your position. (10mks)

QUESTION TWO

(a) State and explain five main challenges facing the growth of small-scale enterprises in Kenya. (10mks)

(b) Explain how you would manage these challenges as a successful entrepreneur. (10mks)

QUESTION THREE

a) Define a business plan and explain its major contents (10mks)

(b) Why would a small-scale trader require a properly designed plan. (5mks)

(c) Explain why it is easier to obtain a loan for an existing business than a new one. (5mks)

QUESTION FOUR

(a) Research findings show that some people have never commenced business due to lack of capital. As an entrepreneurship consultant, advise this group on the five main factors to consider in selection of finance for a small business in Kenya. (10mks)

b) Highlight five constraints of lending to enterprises in Kenya. (5mks)

c) One of the causes of small business failure is poor keeping of records. Explain why it is important to keep records in a business enterprise. (5mks)

QUESTION FIVE

a) Suggest how the government can provide/facilitate a conducive entrepreneurial environment for Kenya's economic development. (10mks)

b) You have been invited by MMUST Bachelor of Commerce students who suggested several public business ideas after the brainstorming session. You are expected to select the best out of the list. Develop a criteria checklist to assist you in your assignment. (10mks)

QUESTION ONE: 30 MARKS – COMPULSORY

Read the following Case study and answer the questions below:

Luck or Persistence?

When she was 11 years old, Kim Merritt sampled chocolate at a candy store and thought she could do better. She made her own recipe and began selling small candy bars in her home town of Cumberland, Maryland. The effort was much like that of many youngsters who open lemonade stands to earn a few dollars to spend at the movies; however, people began asking her for more. Using meager profits and her mother's kitchen, Kim began making large batches of candy, then designed her own wrappers and developed a commission system for friends who sold chocolates at several schools.

Business was so good that it became an obsession. Kim worked after school, weekends, and holidays, and aside from a brief period when the health department suspended her operations until she could obtain proper permits to cook candy, she made candy by hand until she graduated from high school. At first, she could meet demand without special equipment or sacrificing other activities, but when she provided candy for a school fund-raising event, demand exceeded capacity, and Kim found herself buying professional equipment, hiring helpers, and purchasing bulk supplies.

Looking back, Kim recalls the obsession, the long hours, and the challenge to learn about business. Always on the initiative, Kim set about placing orders with local stores and developing contracts with dozens of schools and civic organizations. Her business, Kim's Kho- colates, soon occupied her entire family and closest friends, and she registered the company and set up a chocolate boutique. During her first month, she had 18,000 orders, and before graduating from high school, Kim was distributing specialty chocolates to retail stores in three states.

In 1989, at age 21, Kim repositioned her company as a major distributor of specialty candies and began planning a chain of upscale chocolate shops for the 1990s. The chain would complement her candy manufacturing and distribution system, but it would also mean major changes in her organization. She paused to think about her plans, realizing that to launch a regional or national chain would mean a corporate endeavor. She and her family could not handle all the responsibilities, and the nature of Kim's Khocolates would change. This was not a pleasant thought, although the idea of pursuing a major business was exciting.

Reflecting on her business, Kim realized that she had had fun and made a great deal of money, but many people considered her success no more than the luck of a personable young lady who made good candies and accidentally stumbled into a few good markets. On the other hand, Kim knew that she had worked extremely hard to attract clients. Most of her customers had not been comfortable buying from a young high school student, and she was seldom taken seriously by customers until they had dealt with her for a long time. Winning over her customers had always been a challenge to Kim, not a roadblock, and creating unusual candies had been a joy, not a job.

Thinking about her plans, she was not anxious to become a corporate manager, and although she had always worked well with others, Kim liked the feeling of independence. Running a company would mean sacrificing her autonomy, yet the idea of a chain of stores selling her specialty candies had been a dream for years. At the same time, expansion would mean financial