PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS LEADERSHIP

MAY-AUGUST 2019

CAMPUS: ROYSAMBU
DEPARTMENT: BUSINESS STUDIES
COURSE CODE: BCM201|BUE3113
COURSE TITLE: ENTREPRENEURSHIP
EXAM DATE: TUESDAY 6th AUGUST 2019
DURATION: 2 HOURS
TIME: 2:00PM-4:00PM
INSTRUCTIONS

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- *Write clearly and legibly.*
- This exam script consists of **Six (6)** questions.
- Answer question **ONE** and ANY other **THREE** Questions.
- *ALL PAC University's examination rules and regulations apply*

QUESTION ONE: (COMPULSORY)

Read the case below and answer the questions that follow

TV Show inspired the Entrepreneur

Nearly ten years after moving to Nakuru, Simon is on the Verge of becoming a multi-millionaire, thanks to the aggressive approach he took to survive the cut throat competition in the tough hawking business. Simon started his hawking business of selling handkerchiefs and necklaces with Sh2000 as startup which was given to him by his father.

He was making a profit of between Sh500 and Sh600 daily but today his investment in a cleaning and pest Control Company is raking in between Sh1.8M and Sh2.4Million a year and has created jobs for more than 50 youths in Nakuru.

"Never ignore the small daily savings that you may be making in any small-scale business. I never borrowed money from the bank to start my business. The Sh10,000 I had saved is what gave birth to my business" says Simon. His savings also enabled him to clear his school fees balance of Sh20,000.

Simon acquired a diploma in management and is interested in enrolling for a degree course to pursue entrepreneurship.
Simon was motivated by a TV show aired by NTV that is "Money Matters" business programme. After watching the show he was motivated and bought a vacuum cleaner worth Sh7,000 from his savings.

Simon started his new business in 2012, with specialization in toilet and carpet cleaning, fumigation, general house cleaning and supply of detergent. He has won the heart of many customers including big corporates in the town.
"It was not an easy start but after washing several toilets in town, the word spread and I started receiving orders to wash toilets in banks and offices" Says Simon. His success can be attributed to the in-house training of his workers as well as proper supervision.

Simon says, changing the attitude of new employees to love their job is an uphill task. He also cites late payment by customers and competition as challenges.

Despite the hurdles, Simon aims to grow his company to become the biggest cleaning firm in Kenya in the next ten years. He also plans to branch to real estate to increase his income.

Before finalizing his plans, Simon would like to bring in one partner. “You can never have too much initial capital,” he said. “You never know when you’ll have unexpected expenses.” But the individual whom Simon would like as a partner is reluctant to invest in the venture. “You really don’t have anything unique to offer the market,” he told Simon. “You’re just another ‘me too’ cleaning business, and you’re not going to survive.”

Required

a) Discuss any five challenges Simon is likely to face as he seeks to grow his business (10 marks)

b) As Simon is having difficulties getting a partner for his business, some of the options available to him are using equity and debt financing. Discuss any five sources of such funds and their appropriateness to Simon's business. (10marks)

c) In your **own view**, discuss any five avenues through which entrepreneurs can start self-employment ventures? (10 marks)

QUESTION TWO

a) Explain the importance of entrepreneurship. (4marks)
b) Describe any three techniques that an entrepreneur can use to generate ideas for a new start-up. (6marks)

QUESTION THREE

a) Outline any four characteristics of entrepreneurs. (4marks)

b) Explain three reasons why business plans fail after much resource have been spent to develop them. (6 marks)

QUESTION FOUR

With the aid of relevant examples, discuss the following sources of finances for entrepreneurial startups.

a) Creative sources (4marks)

b) Personal sources of funds (6marks)

QUESTION FIVE

It is important for a business owner to know the stages of growth, along with the unique opportunities and challenges that each stage entails. With the aid of a diagram elaborate these stages. (10marks)

QUESTION SIX

Citing examples as appropriate discuss any five ways in which small businesses are important to the economy. (10marks)