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KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

FIRST SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BBA 871: ECONOMICS OF ENTREPRENEURSHIP

DATE: FRIDAY 2ND FEBRUARY 2018 **TIME: 5.30 P.M. - 8.30 P.M.**

INSTRUCTIONS: Answer question **ONE** and any other **THREE** questions

QUESTION ONE:

Read the case study below and answer the questions that follow

John Paul was born in 1950. After attending two years of college, serving in the Army and two failed attempts to run a manufacturing business, he started building and selling a device that would allow radios to be run on loose electrical current. He then began building the radios himself. Sales were initially good, but economic downturns led the business into bankruptcy.

In 1980, John Paul came out with a new model of radio but it had so many defects that it had to be recalled. despite these challenges, John Paul was labeled an "innovator" in his home town. Due to downturn in radio sales, John Paul later ventured into Television sales. However, in this sector, he realized that he had to beat his competitors in both quality and price. He therefore created two engineering teams to develop in television that could be sold in retail at USD 178. He made tremendous sales out of this T.V. and gradually became the market leader. His company had become a major competitor in sales of TVs by the time he died.

QUESTION ONE

1. (a) Discuss the types of innovation engineered by John Paul from Schompeters perspective (10 marks)

(b) Suggest four methods that John Paul could use to measure the value of his innovation (10 marks)

(c) With the aid of a diagram discuss how John Paul 'disturbed' the status quo of the T.V. market (10 marks)

2. Examine four human capital index indicators in Kenya, in relation to how the country is performing in comparison to its compatriots in the East African Region (20 marks)

3. Distinguish between micro and macro business support systems while presenting a practical example of each of these systems and illustrating the successes and failings of each of them (10 marks)

4. Discuss the relationship between creativity, innovation and entrepreneurship in relation to the typologies of firms that their interaction products showing the contribution of each of the firms to the economy (10 marks)

5. With the aid of a diagram, discuss how disequilibriums in the economy is the best method to drive our economy to higher level thresholds. (10 marks)