



KENYATTA UNIVERSITY
UNIVERSITY EXAMINATIONS 2018/2019

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

BBA 870: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

DATE: TUESDAY 2ND MARCH, 2019

TIME: 5.30 P.M - 8.30 P.M

INSTRUCTIONS:

- (i) Answer questions ONE (1) and any other THREE (3) questions.
- (ii) Exam Duration: Three (3) hours
- (iii) Total Marks: Sixty (60)

QUESTION ONE: COMPULSORY

The growth in the tourism sector in Kenya provides opportunities for small and medium enterprises to start up and to flourish, while meeting the diverse needs of the tourists and the tourism sector. The growth in tourist destinations, ecotourism and heritage tourism enables new entrepreneurs to focus on niche markets and to exploit the available opportunities. In Kenya, township tourism is a concept within the tourism market, where foreign visitors seek to experience and authentic Kenyan traditional way of life by staying in a township for a number of days to study peoples' way of life, the community spirit and to hear the stories from the community itself.

In view of this, Martina, Clary and Clarence are considering establishing a small business enterprise within the tourism sector in Kenya. The three prospective entrepreneurs have no business experience or formal training in running business, though they believe they have a great idea. The three are now trying to decide how best to start their small business enterprise and

later grow it into a large company. They intend to avail opportunities to foreign visitors seeking to experience life in local townships. Initially, they intend to start their small business enterprise targeting mainly Mlolongo, Mwihoko, Githurai, Kibera and Kahawa estates, before expanding to other areas in the country. They are also thinking of the possibly of later diversifying their business to include other services such as entertainment, game drives and mountain climbing.

To begin with, Martina, Clay and Clarence intend to visit many homes in the target estates to share their idea with the community leaders. They intend to point out that no tourist would visit the target communities unless they would feel safe and be safe during their visits. The three also intend to explain what is in it for the community in terms of how the locals would benefit from the business venture. With the support of the community in the area, Martina, Clary and Clarence then intend to start marketing their business through established tourist agents, online and using printed flyers at the local Huduma and information centre.

Required:

- (a) Discuss the provide as clear justification as to whether Martina, Clary and Clarence's proposed business in a good idea or a viable opportunity (6 marks)
- (b) Discuss five (5) common challenges that Martina, Clary and Clarence could face as they seek to start their business, and then give viable recommendations as to how they can address each of the identified challenges (10 marks)
- (c) Increased concern about the environment has created fresh interests in the issues of ethics and social responsibility. Discuss what you consider to be the most important ethical and social responsibility issues that Martina, Clary and Clarence's business is likely to face (14 marks)

QUESTION TWO

Discuss the business growth life cycle including the challenges and applicable strategies for each phase.

QUESTION THREE

- (a) Discuss how emerging issues such as globalization and social entrepreneurship are likely to affect small and medium business enterprises in Kenya. (5 marks)
- (b) Discuss five basic legal requirements for starting a business in Kenya (5 marks)

QUESTION FOUR

The law of entrepreneurship states that the surest road to wealth is start and build a successful business of your own. With this in mind, discuss five (5) key required skills and knowledge for starting and successfully managing a business enterprise (10 marks)

QUESTION FIVE

- (a) Explain three main factors that hamper entrepreneurship and how to overcome them (6 marks)
- (b) Explain four (4) main reasons as to why entrepreneurs should consider doing business with business partners (4 marks)