



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2016/2017

**FOURTH YEAR FIRST SEMESTER EXAMINATION FOR DEGREE
OF BACHELOR OF BUSINESS ADMINISTRATION WITH
INFORMATION TECHNOLOGY**

CITY CAMPUS – EVENING

**ABA 413: ENTREPRENEURSHIP AND SMALL BUSINESS
MANAGEMENT**

Date: 2nd December, 2016

Time: 5.30 - 8.30pm

INSTRUCTIONS:

- Answer Question ONE and any other TWO.



1 a) Mr. X is a Kenyan entrepreneur planning to start an on line business based on an innovative concept. With a visionary idea in mind, he needed assistance for the business development and the registration of the company trade mark. In contacting specialised companies that could provide such services, he was concerned about disclosing his idea of business a third party could have started a similar activity and/or used a similar brand even before her

Study, closely, the sub-section above and explain the conditions necessary for entrepreneurship (10 Marks)

b) Mr. David started by transporting light cargo in his part time business. He now has a very successful global business and has featured as a high-profile small-business adviser on various successful TV shows. He once told a TV show host what it takes to be a successful business owner

"The thing that's really amazed me is how many people start businesses with hearts so full of hope and heads full of nothing. They think because they've been good at a hobby they can make it into a business."

Read carefully the Case Study provided and explain clearly the Formal Steps for starting and running a business (10 Marks)

c) "There are several traits of small business holders but which guarantee the business success?" Discuss (10 Marks)

2 a) Many small business owners are entrepreneurs who went into business seeking freedom, a better lifestyle, more money or simply because they wanted to run their own show. As such, it is only to be expected that business owners make mistakes which can jeopardize their dreams. Starting your own small business is always a risky undertaking. Every new business owner will find themselves under a lot of pressure trying to avoid mistakes. Given that 8 out of every 10 new businesses fail, this pressure seems to be overwhelming.

With the benefit of the paragraph provided above, discuss common mistakes that small scale business owners make (10 Marks)

b) Companies are a form of business organization. In this context, explain how companies are financed as well as the advantages of having a company as a form of business organization (10 Marks)

3 a) The rise of state capitalism – the spread of a new sort of business in the emerging world will cause increasing problems” argued a January 2012 special issue of *The Economist*. State-owned enterprises have always been an important element of most economies, including the most advanced ones. However, the state sector has traditionally been characterised by orientation towards domestic markets and often lagging business performance.

In the context of the views expressed above, explain the rationale for starting and maintaining state enterprises (10 Marks)

b) Discuss the factors to be considered when evaluating an opportunity to buy an existing business is conducted (10 Marks)

4 a) As franchising enters its second half-century, competition for potential franchisees is hotting up around the world. . In East Africa there are more franchise systems to choose from than ever

Franchisors have therefore been forced to look at other options and, not surprisingly, many have started to look for younger franchisees. Such people have energy, vigour and enthusiasm, and are less likely to be set in their ways. Unfortunately, they are also less likely to have the sort of money behind them which is necessary to buy a franchise.

Analyse the sub-section provided above and explain how the success of a Franchise is evaluated

b) Small Business Owners should consider aspects of business risk and subsequent insurance. Elaborate (10 Marks)

5 a) A university student recently graduates and would like to develop an marketing plan for her new business. Explain the key items that she ought to keep in mind while developing

a) Marketing Plan (10 Marks)

b) Financial Plan (10 Marks)