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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 15th August, 2023

Time: 2.30pm –4.30pm

KBA 323 - ENTREPRENEURSHIP 1

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

Read the case below and answer the questions that follow:

MICHAL HAIRDRESSERS

Following completion and graduating with a diploma in Hospitality from Mount Kenya University (MKU) in 2016, Michal opted to be self-employed instead of walking from office to office seeking for white collar jobs in a labour market that is highly characterised by unemployment problem. Without wasting much time, Michal started a small business under the registered name; Michal Hairdressers, where she doubled the roles of business owner and that of General Manager. Since this type of business required unique knowledge and hands-on skills Michal resolved to recruit five competent ladies to support her in the core business. She also recruited her cousin who had recently completed CPA 2 into the business to serve in the capacity of Accountant cum Supervisor, raising the number of employees entrusted with excellent service delivery and under her watch to six. During peak periods, part-time employees were hired to ease the situation.

Business operations started from 6.00am and closed at 11.00 pm every day. In a span of two years business had grown tremendously due to the unique customer service delivery. The performance motivated Michal to consider expanding into other service offering such as body massage, manicure and pedicure. She also adjusted the hours of business to start from 5.00am in order to accommodate those customers who would request for treatment before reporting to work by 8 O'clock. The reputation of the salon earned increased customers from the busy Nairobi City who either drove there or booked for services to be taken to their homes. The number of customers per day was approximately 20. It was a beehive of activities each day. Michal Hairdressers is surrounded by 60 competitors that range from small to medium-sized salons which have automated their processes. This was due to the high rate at which beauty businesses were being set up in that location. With the liberalization of the Kenyan economy coupled with stiff competition, Michal had

to work hard to thrive in a competitive environment. The government also raised minimum wage rates in its annual budget in the last four years.

This did not augur well with Michal who vowed not to implement the new salary scales citing rising labour cost. She has also been ignorant of technological advancement that has an impact on this sector. Following these changes in the business environment, Michal Hairdressers has been experiencing a decline in sales revenue and profit margins. Worse still, the employees have also threatened to down their tools until their grievances such as implementation of minimum wage in tandem with government regulation, improved working conditions and introduction of rest breaks to ease fatigue are effected. Customers have also registered a decline in quality service rendered by the firm.

Required:

- a) Being an expert in entrepreneurship, discuss ways of promoting creative and innovative ideas that can impact positively to the growth of Michal Hairdressers. (5 Marks)
- b) Analyse some of the benefits that could accrue to Michal for being a successful entrepreneur. (7 Marks)
- c) Discuss diverse motivating factors that can be adopted by the entrepreneur to turn around Michal Hairdressers into a performance trajectory and restore its lost glory. (6 Marks)
- d) Examine the need to equip the management team of Michal Hairdressers with adequate entrepreneurial competences to drive the business in achieving a competitive advantage. (6 Marks)
- e) Discuss with the management of Michal Hairdressers;
 - i) The benefits of adopting E-Commerce in their operations. (4 Marks)
 - ii) Implications of fair “Employee treatment” as an important aspect of business ethics. (2 Marks)

QUESTION TWO (20 MARKS)

- a) Globalization is an international phenomenon which is sweeping across all continents and every sector of business. Discuss five advantages of an entrepreneur going global. (10 Marks)
- b) Identify four challenges posed by emerging trends in entrepreneurship. (4 Marks)
- c) Discuss three differences between creativity and innovation. (6 Marks)

QUESTION THREE (20 MARKS)

- a) Entrepreneurship culture refers to the way of embracing the concept of finding new opportunities in business and gathering the necessary resources to fill the opportunity. Discuss five reasons for the importance of entrepreneurship culture. (10 Marks)
- b) Examine five characteristics of noble/good business ideas. (5 Marks)
- c) Identify five barriers of entrepreneurial creativity and innovation.

(5 Marks)

QUESTION FOUR (20 MARKS)

- a) Discuss four advantages of Sole Proprietorship type of unincorporated business. (4 Marks)
- b) Discuss six features of a company. (6 Marks)
- c) Analyse five objectives of human resources management in an enterprise. (10 Marks)

QUESTION FIVE(20 MARKS)

- a) Discuss three sources of financing an enterprise. (6 Marks)
- b) Analyse five benefits of business planning to an enterprise. (10 Marks)
- c) Discuss four benefits of Enterprise Social Responsibility. (4 Marks)