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

Date: 11th August, 2023

Time: 11.30am –1.30pm

KBA 422 - ENTREPRENEURSHIP 11

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:

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SUMPTUOUS RESTAURANT

After graduating with a Bachelor of Science degree in food science from the University of Nairobi in 2010, Liliana found an opportunity to be self-employed in the Hospitality Industry and she started the Sumptuous Restaurant in the year 2011. Liliana is the general manager of the hotel and she has invited the brother who is a CPA 1 holder to handle all the financial matters of the business, as an Accountant. Additionally, she has employed three cooks all of whom are graduates of Utalii College. There are ten employees entrusted with service delivery. During peak periods, part-time employees are hired to ease the situation. Business operations start at 5.00am and close at 11.00 pm every day. The hotel prepares all types of National dishes to cater for its client's needs. The meals range from breakfast to dinner. The restaurant caters for all types of customers both blue and white collar workers. The reputation of the hotel has earned increased customers from the busy Nairobi City who either drive there or order food to be delivered to their offices. Besides, the firm has also acquired special occasion customers in terms of outside catering. The number of customers per day is approximately 300.

Liliana has adopted a low pricing strategy which has earned her customer loyalty. On average, the firm earns a 50% return on sales yearly. Sumptuous Restaurant is surrounded by 60 competitors that range from small to medium-sized hotels. It is estimated that about ten food Kiosks and five medium-sized hotels are set up yearly. This trend is due to the high rate at which businesses are set up in this location. With the liberalization of the Kenyan economy, Liliana has to work hard to thrive in a competitive environment. Franchising has become a common mode of business in the food industry, thus attracting multinationals into the country with a view of managing such enterprises. Unfortunately, based on her educational background, she lacks adequate entrepreneurial skills and competencies. For the last three years the hotel

has been experiencing a decline in customers and sales revenues due to increased stiff competition from both local and international players in the industry. Customers have also started registering complaints due to delayed order deliveries. The government has also raised minimum wage rates which Liliana has been reluctant to implement citing increases in labour cost.

At one point she was heard shouting, “We cannot afford it”. An independent audit spot check has recently reported lack of an updated business plan and information of a looming workers strike due to stagnated pay, lack of rest breaks and unaddressed health and safety issues.

Required:

- a) Being an expert in Entrepreneurship, explain to the management of Sumptuous Restaurant six benefits of business planning to an enterprise. (6 Marks)
- b) The first step in risk management process is to identify all major and minor loss exposures. Explain to Liliana three important loss exposures relating to her hotel business. (6 Marks)
- c) Explain to the hotel management six ways on how they can benefit from effective time management in the work place. (6 Marks)
- d) Explain to Sumptuous Restaurant’s management team the primary skills required for effective management. (6 Marks)
- e) Explain to Sumptuous Restaurant management offensive market location tactics that can be adopted to reclaim market share from the competition. (6 Marks)

QUESTION TWO (20 MARKS)

- a) Efficient management of stock /inventory is the target that every entrepreneur would want to achieve. Discuss five inventory management best practices that can guide entrepreneurs to manage inventories more efficiently. (10 Marks)
- b) Identify four challenges faced by small business enterprises in developing countries. (4 Marks)
- c) Discuss three management roles noting to give examples in each case. (6 Marks)

QUESTION THREE (20 MARKS)

- a) Discuss five advantages of using an overdraft as a source of financing small businesses. (5 Marks)
- b) Examine five benefits of sound financial management to small scale business enterprises. (10 Marks)
- c) Identify five common techniques and factors that entrepreneurs can use to reduce price sensitivity for their goods to customers. (5 Marks)

QUESTION FOUR (20 MARKS)

- a) Identify four ways in which networking in business is important. (4 Marks)
- b) Discuss five ways in which entrepreneurial leadership is essential for effective change management in enterprises. (10 Marks)
- c) Analyse six Human Resource Management functions in an enterprise. (6 Marks)

QUESTION FIVE (20 MARKS)

- a) Decision making is an essential process in both personal and professional life. Discuss the significance of decision making in organizations. (10 Marks)
- b) Analyse five environmental factors that can affect the process of goal setting.

- c) Discuss five benefits of customer relationship management (CRM), as a business strategy, to an enterprise. (5 Marks)