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University Examinations 2023/2024

FIRST YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE MASTER OF
SCIENCE IN ENTREPRENEURSHIP

BBE 5105: MANAGING SMALL ENTERPRISES

DATE: APRIL 2024

TIME: 3 HOURS

INSTRUCTIONS: Answer question *one* and any other *three* questions

QUESTION ONE (24 MARKS)

In 2018, Winnie was working for a leading supermarket in Nairobi. She worked in the bakery section of the supermarket and made several cakes, cookies and bread for sale. Winnie had always loved cooking and had taken a Home Science course at the university. When the job at the supermarket presented itself, she made her application and easily impressed her interviewing panel. Owing to her experience and willingness to innovate she always tried (different kind of cake recipes. She also received orders from her family members and friend to bake cakes for functions — birthdays, weddings, Christmas and get-togethers, for which charged a small fee. She therefore spent her free time baking for her individual clients and looking for new recipes. She was always keen to try something new.

After three years at the supermarket, Winnie started thinking seriously about starting her own bakery. She had built a client base from her friends and family and was consistently receive more orders from referrals. In a good month, she could bake 15 cakes. At times she had to turn down requests that did not give her sufficient notice as she was doing all this during h free time. She realised that if she had her own bakery, she could dedicate more time to baking and have some cakes ready for sale to clients who did not have time to place orders and wanted something ready-made.

During her one-month annual leave, she was able to bake about 40 cakes and realised that there was great potential in the business. Each cake sold for between kshs. 1,000 and Kshs 20,000 depending on the size, arrangement and occasion. Two of the cakes were for corporate clients. And she did all this from the comfort of her home, with just one oven and minimum equipment. She made a gross profit of Kshs. 210,000 that month. That was four times her monthly salary!

Winnie was so excited about her business prospects that she decided to go into business for herself.

Required:

- i) Demonstrate the concept of corporate entrepreneurship (8 marks)
- ii) Explain what factors might have supported corporate entrepreneurship at the supermarket? (8 marks)
- iii) Do you think winnie will succeed in her bakery business? Give reasons for your answer (8 marks)

QUESTION TWO (12 MARKS)

- a) Explain the roles of management as advanced by Henry Hertzberg (6 marks)
- b) Country X has more entrepreneurs than country Y. applying the economic theory of entrepreneurship explain five factors that could lead to such a scenario (6 marks)

QUESTION THREE (12 MARKS)

Isn't "corporate entrepreneurship" an oxymoron? Do the characteristics of an established organization, such as its routines and structure, increase efficiency but the at the same time kill any entrepreneurial spirit? Is there any way that a company can have the best of both worlds (12 marks)

QUESTION FOUR (12 MARKS)

With use of appropriate examples discuss any three leadership styles and how you would use them in achieving organizational goals (12 marks)

QUESTION FIVE (12 MARKS)

Small firms face particular issues because of inherent characteristics such as size, resources and market share. Can you suggest what some of these specific problems might be? (12 marks)