

BBM 227/ IRD 305/ SAS 302



**ALUPE UNIVERSITY
COLLEGE**

... Bastion of Knowledge...

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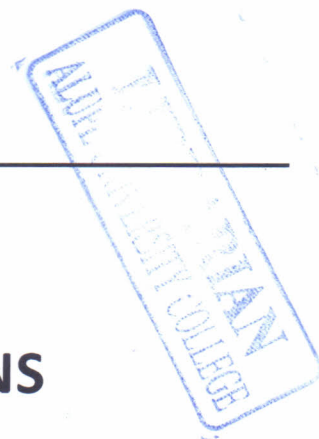
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UNIVERSITY EXAMINATIONS

2019 /2020 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER REGULAR EXAMINATION

FOR THE BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 227/ IRD 305/ SAS 302

COURSE TITLE: ENTREPRENEURSHIP

DATE: 27/10/2020

TIME: 3 HOURS

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 5 PRINTED PAGES

PLEASE TURN OVER

BBM 227/IRD 305/SAS 302: ENTREPRENEURSHIP

STREAM: BBM

DURATION: 3HRS

INSTRUCTIONS:-

- Answer Question **ONE** and any other **TWO** questions.
 - Question **ONE** carries **30 Marks**
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Question one.

Read the following case study and answer the questions that follow:

A fascinating and inspiring entrepreneur

James Mwangi the CEO of Equity Bank has won the world's most coveted awards in the business world among them being the Ernst & Young World Entrepreneur of the Year Award and Forbes person of the year (2012). His rise to the top is fascinating and an inspiring account of triumph against severe odds. Dr. James Mwangi is the Managing Director and Chief Executive of Equity Bank since 2004. The story of James Mwangi and Equity Bank from a young boy selling charcoal on the slopes of the Aberdares to becoming the most successful banker in modern Africa is so incredible that it almost belongs in the realms of fiction.

James Mwangi attended Nyagatugu Primary School in Kangema village. But money was short and the family teamed up to supplement their income by engaging in 'small businesses. While this may have been humbling for the boy, he was nevertheless absorbing invaluable business lessons that would stand him in good stead for his future. He was learning, without consciously doing so, the basics of business – what people needed, what they were prepared to pay, how to add value to mundane articles, how to negotiate, how to make a sale and turn a profit. With no role models to emulate, he and his family were, in effect, discovering the basics of business all by themselves, based on observation of what worked and what didn't.

At the age of 28, although he didn't know it himself, Mwangi was primed, in terms of character, values and down-to-earth business savvy for the major role he was about to play in One of these mutual societies, which had remained standing but was severely battered, was the Equity Building Society. In 1993, the chairman, Peter Munga, and the CEO, John Mwangi, turned to

James Mwangi. The building society had been making losses of Ksh 5 million every year and was now facing a cumulative loss of Ksh 33 million, the staff had not been paid salaries, morale was at rock bottom and membership was dwindling by the hour.” But rather than throw in the towel, Mwangi wondered if he could intervene and “reinvent the organization, transform it completely.”

At the time, Equity had 27 employees, 27,000 customers, five branches and stood at number 66 out of 66 in the financial sector rankings. “I accepted the challenge because I could see clearly how important a properly functioning society was to the mass of the people. It was their only avenue out of poverty. I felt I had to do something – somehow square the circle.” He had no resources, no money, and no way of raising capital. A banking licence, which might have provided some leeway, was not forthcoming. Public confidence in indigenous organizations was at rock bottom.

“How could I entice people to come to Equity? What could I provide that was needed but not available? I decided to look inside the organization. If I could change the culture internally, I would have, in effect, succeeded in reinventing Equity.” Mwangi set about retraining the staff. He introduced a concept which at the time was practically unknown – customer care. “Put the customer and his or her needs first – he is the most important person in the world. Treat people with dignity and respect. Serve to the best of your ability.”

He encouraged his staff to use their own networks – as he did his – to persuade people to join the society. “I told them, ‘trust me’. They believed me because I believed it myself. If you expect anyone else to follow you, you must have absolute confidence in yourself.” Be a dream maker. An entrepreneur is someone who identifies gaps in products or services and is willing to take risks to make the dream come true.

Do not go it alone. An entrepreneur is dependent on, and relies on, the skills and knowledge of others. But he must be the leader who can bring these people, their skills and their attributes together to create something new and useful. Clothe yourself in values. Your values are what will attract all the other components you need – capital, expertise, and partnerships – to help you make your vision come to life. Ask yourself what you can do. “What can I do that will be most

useful to most people? How can I change the situation so that what is needed is made available to those who need it most?" Make that your vision and goal and go for it.

Be dependable. If people trust you and you deliver time after time, then when you ask them to jump, they will not ask "why?" but "how high?" Convince yourself. If you cannot convince yourself that your goal will come to pass, you won't convince anyone else either. Convince yourself first, with good reason, and others will follow. Be enthusiastic. Your enthusiasm will infect others and set off a chain reaction that makes even the impossible possible. Be patient. Equity Bank is showing its best colours after 20 years of hard work. Never stop learning. Learn something new every day and try to apply it to your life and business. Be humble. Many factors, and many people, come together to make success of an enterprise.

Questions

- a) From the case what do you attribute as the sources of enterprise management skills skills?
(10mks)
- b) From the case above what are the likely challenges faced by the lead entrepreneur?
(5mks)
- c) What steps did he take to revive equity? (5mks)
- d) From entrepreneurial point of view what are James Mwangi's top characteristics which may have led to business success (10mks)

Question two

- (a) Describe five entry requirements into self-employment (10 marks)
- (b) Most small scale enterprises carry out the trading activities at a central location. Outline the measures an entrepreneur would take to gain a competitive edge over her competitors(10 marks)

Question three

- (a) Explain the steps the Kenyan government has taken in order to promote entrepreneurship. (12 marks)
- (b) Name and explain any four sources of business ideas available to an entrepreneur (8 marks)

Question four

- (a) Clearly elaborate on what role the government can play to resuscitate the declining state of enterprise development in the economy (10mks)
- (b) Identify and explain any five contemporary issues in entrepreneurship today (10mks)

Question five

- (a) Describe any five sources of business ideas for entrepreneurs in Kenya (10mks)
- (b) Explain clearly any five ways of becoming an entrepreneur (10mks)

Question six

- (a) What attributes should an entrepreneur possess for him to run a successful business enterprise? (12mks)
- (b) Describe four sources of finances available to entrepreneurs in Kenya (8mks)

