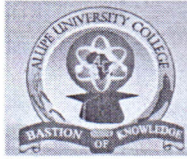


BBM 227



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# UNIVERSITY EXAMINATIONS

## 2020 /2021 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER REGULAR EXAMINATION

**FOR THE BACHELOR OF BUSINESS**

**MANAGEMENT**

**COURSE CODE: BBM 227/IRD 305**

**COURSE TITLE: ENTREPRENUERSHIP THEORY AND  
PRACTICE**

**DATE: 14/07/2021**

**TIME: 2:00-5:00**

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 4 PRINTED PAGES

PLEASE TURN OVER

**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:**

**The paradigm shift in entrepreneurial venture**

Martin Mwaura is not your regular kind of a 26 year old who is comfortable with his job and the rest of the world can take care of itself. In a country at war with unemployment, Mr Mwaura is a dream comes true for many. Already blessed with a job as an Operations Assistant with one of the big 4 audit firms in Kenya, he has a passion. His passion he says is all about creating employment especially for job seekers who do not have the much needed academic papers. And it's for this that he has been on a journey since 2007 of replacing the toxic plastic bags you see on our streets to creating eco-friendly handmade bags and creating employment while at it. "I am grateful my parents were able to send me to school, a necessity which came in handy when it was time to look for a job but what most of us fail to ask ourselves or spare a second to think about is: What happens to those guys who get rejected by companies because they can't afford the luxury of going to the universities to acquire the 'papers' which are much needed in the Kenyan job market when one is seeking employment?" poses Mr Mwaura as we meet during his lunch break in a popular eatery in Westland's. Martin Mwaura, Founder Dhamira Eco Friendly Products. He admits that having friends struggling with unemployment and with no means of securing a job due to the fact that they did not have degrees or diplomas, he saw the need in coming up with a solution for this. "In 2007, I started a small company dubbed Dhamira Eco Friendly Products with a mere capital of less than Ksh10, 000 which was mostly used in purchasing the recycled papers for creating the eco friendly bags for companies which are environment conscious. I spent the rest on buying the glue which is used in making of the bags, screens for printing, made business cards which I designed and printed myself, created a blog and the business was ready to go." The proud employer and entrepreneur says that, "I started off with two employees but with time I have brought on board eight more. Two are in marketing

which we rely on heavily for the success of the business something I initially used to do when I started," he confesses, adding that, "The other eight are in production. These are the people who make the bags and the kind of people I had in mind when I flagged this venture back in 2007."

He accepts that having learnt how to make the bags through the internet, he taught and trained his crew of eight on how to make them as well. "I am blessed with a creative bunch who are passionate about their work something I think you can't buy for your employees even when they have degrees." says the young entrepreneur who adds that the minimum number of bags they can create for clients is 200 which come in different styles, sizes and which come bearing the company's logo or customized in any way the customers sees fit. With its workshop located in Lavington and with plans of employing more sales people in the near future, Mr Mwaura says the business is doing extremely well with more companies abandoning the use of plastic bags to embrace the use of eco friendly bags like the ones his company makes.

"We enjoy a wide range of clients such as The Australian Embassy, May Fair insurance, Bid or Buy, Ad Media and so forth and in a good month I can say is we are able to make Ksh 700,000 and when business isn't doing so well, we make about Sh200, 000." In a nutshell he explains how the business operates, "Working with a minimum number of bags which is 200, the client caters for the cost of production depending on the size of the bags which ranges from small, medium sized or large." He adds that the client caters for the printing cost which is about Sh2,000, the handles for the bags which go for about Sh200 to Sh400 and the only cost he caters for is that of the glue which is around Sh400. Terming himself as a flexible guy who is able to manage his time wisely by juggling his day job at the audit firm which he gets off at 4.00pm and being able to run Dhamira Eco Products successfully, he says that, "I am a wise time spender and during my lunch hour, I will quickly rush to the workshop which is just a few minutes from my job to see how the business is fairing or sometimes like today I will just send them business proposals from various clients and they will start working on the projects," he adds that he spends most of his weekend time running the business. Happy that he is able to provide a means of living for those who may come across as rejects in the Kenyan job market, he says that, "I would like to see a generation which is more keen on creating employment for others as this is the only way to move the country forward. I look forward to the day when it will be more about solving the unemployment puzzle by looking for ways of creating jobs than just looking for jobs." And his

word of encouragement “You’ve got to be patient in any kind of business you decide to venture in and don’t give up when things do not go as planned. Starting a business is like a baby taking its first steps; you can’t expect it to start running all at once.”

## QUESTIONS

- a) “His passion he says is all about creating employment especially for job seekers who do not have the much needed academic papers” using this statement discuss **five** benefits that are derived from entrepreneurship and which make most people motivated to entrepreneurship **(10 Marks)**
- b) “I am blessed with a creative bunch who are passionate about their work something I think you can’t buy for your employees even when they have degrees.” from the statement, explain what makes most entrepreneurs a rare breed. **(10 Marks)**
- c) “In 2007, I started a small company dubbed Dhamira Eco Friendly Products with a mere capital of less than Ksh10, 000 but now in a good month I can say is we are able to make Ksh 700,000 and when business isn’t doing so well, we make about Sh200, 000” Starting a business is like a baby taking its first steps; you can’t expect it to start running all at once.” from these statement as an expert in entrepreneurship discuss **five** points of encouragement to the jobless world. **(10 Marks)**

## QUESTION TWO

- a) Using relevant examples, discuss **four** types of risks that an entrepreneur exhibit in his undertaking and suggest appropriate management techniques **(8 Marks)**
- b) In entrepreneurship terminologies are key, define the following terminologies as used in entrepreneurship education
  - i. Entrepreneurship **(2 Marks)**
  - ii. Entrepreneur **(2 Marks)**
  - iii. Creativity **(2 Marks)**
  - iv. Innovation **(2 Marks)**
  - v. Opportunity focus **(2 Marks)**
  - vi. risk taking **(2 Marks)**

**QUESTION THREE**

- a) Describe any **seven** social benefits of entrepreneurship to the economy (7 Marks)
- b) Explain clearly any **five** paths to entrepreneurship (5 Marks)
- c) Describe the various sources of finances available to entrepreneurs in Kenya (8 Marks)

**QUESTION FIVE**

- a) Describe **seven** typologies of entrepreneurs (7 Marks)
- b) Using relevant examples explain **four** sources of business ideas for entrepreneurs (8 Marks)
- c) Describe **five** avenues to small business activities in Kenya (5 Marks)

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