



**STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION
UNIT CODE: DE 1205 - Entrepreneurial operations management**

DATE: 13th August 2019

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. **DO NOT WRITE ON THE QUESTION PAPER**

QUESTION ONE

- a) There has been uproar recently in Kenya over Chinese immigrants engaging in small-scale trade at the famous Gikomba market in Nairobi. While some immigrants were there illegally and deported as a result, the question was posed as to how well Kenyan entrepreneurs respond to competition. Discuss five barriers small scale entrepreneurs in Kenya can create to deter competition. (10 marks)
- b) The National Micro, Small and Medium Establishment Survey 2016 established that 46% of small businesses in Kenya close by the end of the first year. Describe 5 reasons why this may be the case. (10 marks)
- c) Explain any five parts of a business plan. (10 marks)

QUESTION TWO

- a) There is a widespread belief among some entrepreneurs that large existing companies are constrained by their large size and thus cannot respond quickly to new ventures. Explain four reasons why this belief is not always true. (8 marks)
- b) Define the role of government in business and describe three actions through which government affects small businesses. (7 marks)

QUESTION THREE

- a) Explain four reasons why entrepreneurs have problems raising capital from investors. (8 marks)
- b) Some entrepreneurs choose to take the franchising route when it comes to starting a business. Define franchising and describe three problems that may arise when operating a franchise. (7 marks)

QUESTION FOUR

- a) Discuss five factors you would consider when setting prices for a new product. (10 marks)
- b) Highlight the five different types of adopters of new products and services. (5 marks)

QUESTION FIVE

- a) Explain four reasons why new ventures seek growth. (8 marks)
- b) Define internal and external business strategies and explain three external strategies that new ventures can use to encourage growth. (7 marks)