



**STRATHMORE INSTITUTE
DIPLOMA IN BUSINESS MANAGEMENT
END OF SEMESTER EXAMINATION**

DE 1205: ENTREPRENEURIAL OPERATIONS MANAGEMENT

DATE: 20th May 2021

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE

- a) Describe five differences entrepreneurs are likely to notice should they choose to enter the service industry rather than the manufacturing industry. (10 marks)
- b) Peter is an upcoming entrepreneur who started a bookshop after quitting his banking job. He had dreams of making a lot of money but the reality has been different. Despite sales being good, he is constantly out of cash and struggles to meet his monthly expenses like rent, paying creditors and employee salaries.
 - i. Identify the problem Peter is likely to be facing. (2 marks)
 - ii. Explain five ways Peter can get out of this problem. (10 marks)
- c) Angela runs a small business that has a simple organizational structure. Explain what this means in terms of
 - i. Work specialization
 - ii. Departmentalization
 - iii. Patterns of authority
 - iv. Span of control. (8 marks)

QUESTION TWO

- a) James, a soap manufacturer, is gathering information for a feasibility analysis for a new product he wants to launch. He has realized the best way to discover customer needs is to get feedback from them. Describe three ways he can use to get customer feedback. (6 marks)
- b) Boeing's newest aircraft, the Boeing 777X, flew for the first time in January 2020 after lengthy delays. It's the largest twin-engine jet in the world and Boeing's latest new aircraft. Using your knowledge of types of production systems, answer the following questions:
 - i. Describe three characteristics of the production system likely to be used when producing the Boeing 777X. (6 marks)
 - ii. State three limitations of this kind of production system. (3 marks)

QUESTION THREE

- a) Janet runs a restaurant known as Sweet Eats. Recently there have been complaints by many dissatisfied customers about the quality of the food and service. The numbers of customers during lunch time, which is the restaurant's peak hour, has gone down. Explain which strategy Janet can use for meeting and exceeding customer expectations using examples. (9 marks)
- b) Describe three core functions of human resources (HR) in a business organization. (6 marks)

QUESTION FOUR

- a) According to a news report last year, senators in Kenya expressed worries over the growing strength of the country's leading telecoms firm, Safaricom, warning that it is too big for the competition and giving the impression that there is no level playing ground in the country's telecoms industry. Discuss five reasons why entrepreneurial start-ups have challenges competing against established companies like Safaricom. (10 marks)
- b) Highlight five differences between internal and external stakeholders in a company. (5 marks)

QUESTION FIVE

- a) Okello intends to launch a new smartphone model in Kenya through his company Connect Kenya. According to recent statistics, the smartphone industry in Kenya is dominated by Tecno with 23.6%, Samsung with 17.6%, Infinix with 9.2% and Huawei with 8.3% of the market. Apply Porter's theory of Competitive Advantage to answer the following questions:
 - i. Briefly explain the strategy Okello should use to penetrate the smartphone market. (2 marks)
 - ii. Describe three advantages of this strategy. (6 marks)
- b) Large company entrepreneurship is one form of entrepreneurship.
 - i. Define large company entrepreneurship. (1 mark)
 - ii. Describe three challenges businesses in large company entrepreneurship face. (6 marks)