



STRATHMORE INSTITUTE
DIPLOMA IN ENTREPRENEURSHIP
END OF SEMESTER EXAMINATION
DE 1101: INTRODUCTION TO ENTREPRENEURSHIP

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.
3. Do not write on the question paper.

Question One (1) 30 Marks

Ofisi is a start-up that was officially founded in 2018 by two Strathmore graduates. The purpose of the organization is to equip at risk and disadvantaged youths at the “bottom of the pyramid”, with skills so that they can get employment. By 2020, the organization had trained 1200 youth, 700 of which had managed to get online work.

James and Julie were both members of a business club in the university that enabled students to volunteer for a semester supporting small businesses in Kibra. During the volunteer session, James and Julie were able to observe the challenges around unemployment in the area. By talking to the youth they were able to understand the skills gap preventing the youth from getting a job. After spending time with the youth in Kibra, Julie and James understood that the lack of soft skills and basic computer literacy was the real problem preventing the youth from getting work in the booming digital gig economy. Julie and James came up with several ideas on how they might be able to support the youth. Some ideas were really wild; James wanted to request the university to run a program for the youth and Julie even suggested asking the local government official to donate laptops for the youth.

September October 2017 was the month that James and Julie worked over 60 hours a week trying to create training content that worked. That October, James and Julie took out their savings together and partnered with an NGO in Kibra, to offer a sample class in digital literacy. The processes was not perfect, but the feedback they got from the program helped them figure out a better way to do classes and the type of content they would develop and the best way to train the youth.

In the months that followed the launch, James and Julie found that they had to borrow money from friends and family to keep *Ofisi* afloat. They had imagined being able to get grant

money and then hire trainers. Now they were working into the night developing content and spending their days recruiting the youth for the program and also looking for sponsors.

Both Julie and James share the feeling of suffocation. They were always working or thinking about work. They both had the drive to move the organization forward. Julie admits getting stressed because none of her friends truly understood what she was going through. Julie was really good at creating a plan to move the idea from paper to being a business; she struggled when it came to interacting with some of the new employees. The employees often described Julie as being short tempered and a poor communicator. Julie felt that the employees were doing a poor job “getting the vision and getting to work”.

James also admits that the pressure of creating a start-up got to him. *Ofisi* was unique in that it was focusing on equipping the youth to work in digital jobs. It was also the first organization in Kibra that was charging some minimal fees to the youth who wanted to take their program. The fees helped *Ofisi* have operating funds and also ensured that only committed youth ended up in the program.

When James joined Julie to start *Ofisi*, he turned down a really good job offer. He had been selected to join management trainee program at a top international company. When things got really tight at *Ofisi*, he often wondered if he would ever get another opportunity to work with an international company.

Question One (1) 30 Marks:

1. Identify four characteristics of the bottom of the pyramid population (**4 Marks**)
2. Julie and James engaged in design thinking. Name each stage of the design thinking process and match it up the action Julie and James took in that step. Your answer should be in the following format
“Name of design thinking step – Action taken by James and Julie (**10 Marks**)
3. Using examples from the case study assess and comment if *Ofisi* qualifies as a social Enterprise based on the four elements of Social Entrepreneurship (**8 Marks**)
4. Using examples from the case study, explain two competencies that helped Julie and James start and grow their business (**4 Marks**)
5. Giving an example from the case study, explain one aspect of risk as a dark side of entrepreneurship (**2 Marks**)
6. Giving an example from the case study, discuss one aspect of stress as a dark side of entrepreneurship (**2 Marks**)

Question Two (2) (15 Marks)

“Google has announced it is acquiring Fitbit for \$2.1 billion. The deal is expected to go through in early 2020 following all of the relevant approvals. A company statement also promised that Fitbit will continue to work across Android and iOS.

The San Francisco-based Fitbit designs and manufactures popular digital fitness trackers and has also branched into smart watches to keep pace with rivals Apple and Samsung. It also provides corporate wellness programs for businesses and a set of applications for users to track their fitness”.

1. Identify the type of corporate entrepreneurship depicted in mini-case study above (1 Mark)
2. Identify two other ways in which a firm can engage in corporate entrepreneurship (2 marks)
3. Explain the four factors that are causing firms to engage in corporate entrepreneurship (8 marks)
4. Suggest three ways in which a corporate firm can foster entrepreneurial behaviour in its employees (3 Marks)
5. Give one example of corporate entrepreneurship brought about by the Covid19 pandemic (1 Mark)

Question 3 (15 Marks)

1. You have been selected as part of a group advising the government on how to jump start the economy once Covid19 comes to an end. Using three points make an argument to oppose the use of Enterprise policies. (6 Marks)
2. Identify one way in which entrepreneurs are good for the national economy (1 Mark)
3. Entrepreneurial activity has increased during the Covid19 pandemic. Discuss four factors that have positively influenced the growth of entrepreneurship during this season. (8 Marks)

Question Four (4) (15 Marks)

1. Explain what is meant by the “Informal business sector”. (1 Marks)

2. Explain two reasons why the informal sector is viewed negatively despite employing majority of the workforce? **(4 Marks)**
3. Discuss two strengths of the informal sector **(4 Marks)**
4. Using examples, explain how the digital platforms can help with formalizing **(2 Marks)**
5. Identify four ways in which the government can help businesses in the informal sector to formalize their businesses **(4 Marks)**

Question Five (5) (15 Marks)

Stan is one of the most successful African entrepreneurs based in the Chinese city of Guangzhou. Stan travelled to Hong Kong in his early twenties to work as an English teacher. Two years into his five year contract, diplomatic tension between his country and China resulted in an early termination of his contract. Without a job, savings or a work permit, Stan was forced to get creative. He wrote a one page proposal and approached businesses offering to help them enter the African market. That was the beginning of Stan's business empire.

To those who grew up with Stan, they think it is very obvious that he is a successful entrepreneur. They share stories of how he was always finding ways to solve problems and make money since he was a toddler.

Stan on the other hand tells of how he identified business opportunities when working as a teacher. He explains that he had been approached by several business owners based in China that were looking to enter the African market. He then had taken time to evaluate and figure out the gap so that he could come up with a unique approach to serving these businesses so as to avoid competition.

1. Highlighting an example from the case study, explain the strategic formulation school of thought **(4 Marks)**
2. Explain why Stan's story can be said to reflect psychological entrepreneurship theory **(1 Mark)**
3. Identify four limitations of psychological entrepreneurship theories **(4 Marks)**
4. Examine Stan's story using the displacement school of thought lens. **(6 Marks)**