

3814/201
ENTREPRENEURIAL BEHAVIOUR
November 2011
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL
HIGHER DIPLOMA IN ENTREPRENEURSHIP DEVELOPMENT
ENTREPRENEURIAL BEHAVIOUR

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of SIX questions.
Answer question ONE and any THREE questions.
Question ONE carries FORTY marks.
All other questions carry TWENTY marks each.*

This paper consists of 4 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

1. Read the following case and answer the questions that follow.

J. G. RESTAURANTS

Mr. John Gitau who owns J.G. Restaurants has had the business for the last six years. Before start up, he was working at Agoa Restaurant in Embu town. He waited on tables, cooked, did the purchasing and book-keeping and picked up a basic understanding of the business. Later, he spent sometime at two other tourist class hotels in the city of Nairobi, learning about managing a restaurant.

Currently, J.G. Restaurants are among the leading hotels in the city with several franchise outlets in major Kenyan towns and in Europe. Mr. Gitau inferred that most people think that if they are good cooks then they can open a restaurant. "It is not that simple", he states. You need to know every area of the food business such as; purchasing, advertising and customer relations to succeed. He said that many young people came to him seeking advice on how to start their own restaurants. He told them that it is okay with him but he will have to cook, attend to the bar, serve and clean up the tables. They replied, "You don't understand. We want to "feel" the business from the ground up before you can run it. Mr. Gitau concluded by saying that he enjoyed the freedom of being in a business and being one's own boss. He says he has over one hundred employees who make him have a good feeling when they consult him for advice. He says it would be difficult for him to work for somebody else, but admits, he might become an employee in the future. Being only thirty years old, his career could take many turns. He hoped that if he worked for someone else, he would be allowed to make decisions and practice his leadership skills.

Mr. Gitau contends that he never mentally left his business and was always thinking about it. He says that if he does not make things happen in the business, nothing will happen. He said he was a minority and one of his biggest pleasure in the business was in giving other minority people good jobs. Another plus for him is an improvement in his net worth, though his income is less, because he invested most of his money back in the business. To Mr. Gitau, profits is just but a proof that things are going on well. Money is not there to be squandered but to be utilized for a good course or as a measure of one's business progress.

Mr. Gitau recalls the journey he has travelled before he got to where he is. In Primary school, paying school fees was his biggest headache. He had to wait patiently for the board who would release the bursary recipient list. Occasionally his name was omitted and he had to fight relentlessly with the board through the local priest and the chief who would intervene on his behalf. If primary education was a nightmare, secondary and university education was a total disaster. Most of the time during his secondary education, Gitau was not in school. He would leave school for a month during the term, look for menial jobs and return with school fees. At the university, getting daily ration was a dream for Mr. Gitau. However, with all these odds against him, Mr. Gitau is now an accomplished enterprising and successful businessman owning a chain of hotels and employing more than one hundred permanent employees and

thousands of casual workers. His net worth, runs into several million shillings. He also owns a franchise business which is modelled after his hotels and the franchisees are recruited based on a strict criteria which guarantees their success.

At the J.G. Restaurant, every manager is inducted to develop conflict resolution mechanisms among the staff in his/her department. They are also encouraged to use brain storming techniques to prioritise their routine chores. Employees who asked for "off duty" were asked to fill elaborate forms which showed the purpose and when they were expected to return to work. Any failure to abide to the demands stipulated either led to summary dismissal or deduction of one's salary. Gitau had also inducted into the management the importance of good time management and leadership.

Recently, Mr. Gitau, a man of immense energy, had decided to rebrand his restaurant to six star status. He embarked on a three-month trip to Europe where he met a number of entrepreneurs in the hotel and hospitality industry and made partnership agreement with a number of them who agreed to carry his hotel brand in Europe. This he did to increase his business opportunities due to dwindling local market and low purchasing power among the populace.

1. (a) Examine the competencies possessed by Mr. Gitau which made him a successful entrepreneur. (10 marks)
- (b) Analyse Mr. Gitau's business entry behaviour which distinguishes him from most entrepreneurs. (10 marks)
- (c) Using Mc clland theory of motivation, analyse how Mr. Gitau's early history may have contributed to his current character. (10 marks)
- (d) Examine the type of problem solving techniques used at J. G. Restaurant. (10 marks)
2. (a) Mr. Karobia, the owner of Robia Enterprises, treats time casually, yet, time management is a vital ingredient for a successful entrepreneur. Advise the entrepreneur on the techniques he may adopt in order to manage time effectively. (10 marks)
- (b) Explain how the use of feedback information may help entrepreneurs improve their creativity and innovation. (10 marks)
3. (a) Examine the positive impact of information communication technology on entrepreneurship development in Kenya. (10 marks)
- (b) Makato Entrepreneurship Consultants, always took their new trainees through an Entrepreneurship Orientation Inventory Test before conducting any training workshop. Explain the purposes for such an exercise. (10 marks)

4. (a) Explain the significance of mentoring in enhancing entrepreneurial competencies. (10 marks)
- (b) Ms. Mapenzi, the owner of Mapenzi Enterprises used list deduction technique to solve business related problems.
Analyse how such a technique may achieve the intended purpose. (10 marks)
5. (a) Mr. Kariuki, a fashion designer, has been advised by his business associates to occasionally go for business trips to reduce work related stress.
Explain how business trips may minimise stress amongst entrepreneurs. (10 marks)
- (b) Explain how the application of Maslow's need theory would enhance entrepreneurship culture in a society. (10 marks)
6. (a) Mr. Makau, the owner of Market Company, intends to join a member's club to enhance his self-esteem.
Analyse how such a move may achieve the entrepreneur's goal. (10 marks)
- (b) A consultant in social sciences has emphasised the need for entrepreneurs to study psychology.
Explain how such a study may promote entrepreneurship development. (10 marks)