

Name _____

Index No. _____

3814/201

ENTREPRENEURIAL BEHAVIOUR

November 2013

Time: 3 hours

Candidate's Signature _____

Date _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

HIGHER DIPLOMA IN ENTREPRENEURSHIP DEVELOPMENT

ENTREPRENEURIAL BEHAVIOUR

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided at the top of this page.

Sign and write the date of the examination in the spaces provided above.

This paper consists of SIX questions.

Answer question 1 (COMPULSORY) and any THREE other questions.

Question 1 carries 40 marks.

All other questions carry equal marks.

Answers must be written in the spaces provided in this question paper.

Do NOT remove any pages from this booklet.

Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	TOTAL SCORE
Candidate's Score							

This paper consists of 16 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 then answer the questions that follow:*

KIMSON ENGINEERING WORKS (KEW)

Mr. Kimeto, a first born son in a family of nine members, is the proud owner of Kimson Engineering Works (KEW) located in the industrial city of Moka, Tume Republic. Mr Kimeto used to walk for many kilometres to and from school on a daily basis. His late father was a shopkeeper and operated the business for many years before he succumbed to a stress related illness. The village from where Kimeto came from was poverty stricken and the majority of people could hardly afford two meals a day. Mr. Kimeto resolved early in life to escape from poverty by working hard and excelling in school. He was always number one in his class from standard one, through high school. He joined a local university and graduated with a first class honours degree in Civil Engineering.

Mr. Kimeto always dreamt of having large amounts of money and owning a big business capable of employing hundreds of workers. He thought that if he actualized his dream, he would employ his poverty stricken villagers; both the illiterate and the educated and empower them economically. After graduation, Mr. Kimeto worked briefly for an engineering firm as a resident engineer before he quit to start a hardware business. The business did not survive for long and Kimeto found himself jobless after only two years. He agonised for sometime and through an advert in the local daily paper, he joined Makemo Construction Company as a work's manager. The owner of Makemo Company was an affable man and very hardworking. He had built the company through sheer determination, absorbing failure and staying on the business through 'thick and thin'. He had learnt that failure provided a lesson for improvement and advancement. He knew that great business empires were built on resilience, patience and determination of their founders.

After only a short stint at Makemo Company, Kimeto quit to start Kimson Engineering Works (KEW). He decided that this time round he would emulate the good characters of the founder of Makemo Company. He borrowed a loan from his business associates to expand the business. He also enrolled for an evening class to study a degree course in Master of Business Administration (MBA). Within a span of four years, Kimeto's firm was a household name in the local town. Buoyed by this success and a booming economic climate, he opened another branch in the next town and employed a number of his villagers. When the optic fibre connected the towns where Mr. Kimeto was operating his businesses, he quickly developed a website for his company and connected the company to the internet. This helped him scan for business opportunities both locally and internationally. Mr. Kimeto's business received enquiries from neighbouring countries which drove him to start branches in these countries. Today, KEW employs hundreds of workers both locally and in the region.

Recently, Kimeto realised that he has been working continuously without a break. However, Kimeto being a hands on entrepreneur, rarely entrusted any decision to his workers. He was apprehensive that if he went on holiday his company may collapse. Mr. Kamau, one of his business associates, advised him that the company had grown too big for one person to manage and it was high time he employed professional management to run his business. Occasionally, when faced with difficult business problems, Mr. Kimeto would wake up in the middle of the night and pray, and through dreams, a solution would emerge. This habit of spiritual reliance was inculcated in him during his childhood sunday school classes.

During the last medical check-up, Mr. Kimeto was diagnosed with high blood pressure due to overworking and was advised to rest for two months. He called his business consultant to advise him on the best succession plan. He took a three month leave to study the plan and when he came back, he implemented the plan to the letter. KEW, today, is a professionally managed firm with Kimeto as the firms Chairman, Board of Directors.

- (a) Mr. Kimeto may be described as an n-arch person.
Explain **five** characteristics he exhibited that justify such a description. (10 marks)
- (b) Explain **five** ways in which Mr. Kimeto may cope with his entrepreneurial related stress. (10 marks)
- (c) Examine **five** factors which enhanced Mr. Kimeto's entrepreneurial drive. (10 marks)
- (d) Explain the effectiveness of the methods used by Kimeto to solve his business problems. (10 marks)
2. (a) Explain **five** factors which may influence an individual to exhibit entrepreneurial behaviour. (10 marks)
- (b) Mr. Juma, a successful entrepreneur, comes from a family of highly innovative people. Highlight **five** characteristics exhibited by members of such a family. (10 marks)

3. (a) Most entrepreneurs complain of stress as owner managers of their businesses. Examine **five** sources of such stress. (10 marks)
- (b) Mr. Mark, an entrepreneurship consultant, has been contracted by Funguo Women Group to give a talk on how to develop entrepreneurial practices. Explain **five** techniques that he may adopt to accomplish the talk. (10 marks)
4. (a) With the arrival of Fibre Optic Cable in the capital city of Mombasa, most entrepreneurs have embraced E-commerce. Explain **five** effects of such a move in enhancing entrepreneurship. (10 marks)
- (b) Explain **five** ways in which entrepreneurs may use business networks to solve problems in their enterprises. (10 marks)
5. (a) Explain **five** roles played by understanding the science of psychology in entrepreneurship development. (10 marks)
- (b) Explain **five** intrinsic factors which may motivate a person to start a business. (10 marks)
6. (a) In reference to Attribution Theory, explain the purpose of the entrepreneurial orientation inventory (locus of control) in the development of entrepreneurship. (10 marks)
- (b) Examine **five** ways in which entrepreneurs exhibit leadership when motivating their employees. (10 marks)