

3814/201
ENTREPRENEURIAL BEHAVIOUR
November 2016
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 (Compulsory) and any other THREE questions.

Question 1 carries 40 marks and all other questions carry 20 marks each.

Write your answers in the answer booklet provided.

Candidates should answer the questions in English.

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 question that follow.*

(40 marks)

SOPHY FASHION DESIGNERS

M/s Sophia, 40 years old lady runs Sophy Fashion Designers as the Managing Director. She is a first born daughter in Maxwell's family. Her other siblings are self employed and manage their businesses. Her parents who are devoted christians are also self-employed. Sophia started her business ten years ago as a sole proprietor. Today it is a successful business and a market leader in the local fashion industry. The company's unique apparels have endeared themselves to many customers. The company has scooped Company of the Year Award (COYA) for the last two years in a row. Sophia was even named the entrepreneur of the year by her professional association in the year 2014.

The journey to the top for Sophia has not been easy. Her friends who started similar business have either quit or sold out while others, have only their business relics remaining. M/s Sophia graduated twelve years ago from Tornado College of Design. The college is reputed for producing top fashion designers in the country. To enhance her creative and innovative skills, she undertook a six month post graduate course in computer software development and a one year post graduate diploma in psychology from Makanu University. The latter course was motivated by the need to understand human behaviour.

The company has employed more than fifty full time employees and a similar number, as part-time workers. The company specialises in trendy fashions for the middle and upper middle class customers who have taste for fashion. The apparels are custom made and cost a fortune. Prices for men's suit range from Kshs. 15,000 to Kshs. 100,000 while for ladies garments range from Kshs. 10,000 upwards. Some of these designs are downloaded from websites of global fashion houses of Europe and America. They are then innovatively re-designed to suit the local customers.

At the company, customers orders are received either by email or through individuals who visit the factory. On receiving of the orders, Sophia scrutinises them very carefully. She listens attentively to the customers and drafts a rough design of what the customer wants. Sophia and the customer, critique the design until a prototype is agreed upon. The prototype is subjected to a simulated computer aided design until the final design is made. Finally, the apparel is cut and made to customer specification. Such meticulous attention to detail has earned Sophia a reputation and trust among her customers and employees.

Work at the company starts as early as 5 a.m. and sometimes closes past midnight especially when orders are urgently required. Sophia, a stickler of time does not hesitate to sack employees who fail to complete their work on time. To her, the customer is king. Her loyal customers act as her ambassadors through word of mouth to advertise the business. Referrals are the mainstay of the business. Passion for fashion is her calling and she is always browsing the internet to keep

abreast with current global fashion trends. She also attends global fashion events and exhibitions regularly.

During the COYA award of the year 2014, one of the participants asked Sophia what it takes to excel in the fashion industry, she answered, "It takes courage, imagination and the tenacity of the cheetah, my dear!".

Convinced she had conquered the local market, Sophia recently started an on-line marketing network to widen her customer base. To accomplish this she developed a website; www.sophyapparels.com and posted her apparels including their prices. However, the online shopping mode has not picked as fast as Sophia thought. This has made her irritable and is always shouting to her employees, a character she has lately acquired. Due to this, four of her best employees have left. Her personal physician has also diagnosed her with high blood pressure and prescribed for her some drugs. Her friends are now telling her to go slow or else she might lose all due to poor health. However, thinking her friends were envious of her success, she decided to increase her pace. Last week, Sophia fainted at her desk and was rushed to hospital where she is recuperating.

- (a) Explain the ways in which Sophia enhanced her entrepreneurial competencies. (8 marks)
- (b) Highlight the qualities possessed by Sophia which propelled her business to the top of the local fashion industry. (12 marks)
- (c) Analyse the factors which may have caused behavioural change in Sophia after the change to on-line marketing. (10 marks)
- (d) Sophy Fashion Designers used creativity and innovation to grow and succeed. Justify this statement. (10 marks)
2. (a) Moderate risk taking is one of characteristics adopted by entrepreneurs when starting their ventures. Explain the experiences that may assist to build such a character. (10 marks)
- (b) Explain the role played by Cognitive Theory of learning in the determination of people with entrepreneurial tendencies. (10 marks)
3. (a) Explain the personal factors which may cause stress and anxiety among entrepreneurs. (10 marks)
- (b) Examine the ways in which joining business associations contributes to the development of entrepreneurial character among entrepreneurs. (10 marks)

4. (a) Analyse the contribution of culture in the development of entrepreneurial traits among people in a given society. (10 marks)
- (b) Examine the factors which may influence relationship between self-concept and personal achievement. (10 marks)
5. (a) Analyse the contributions of Attribution Theory in enhancing human personality. (10 marks)
- (b) Examine the role played by educational institutions in human behaviour. (10 marks)
6. (a) Examine the relevance of understanding the science of psychology to entrepreneurship development. (10 marks)
- (b) Highlight the barriers which may hinder creativity and innovation among entrepreneurs. (10 marks)



MANYAM FRANCHISE

Discover it, own it, Apply it.

THIS IS THE LAST PRINTED PAGE.