



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

MAY – JULY 2018 TRIMESTER

FACULTY OF COMMERCE

MBA ODEL PROGRAMME

CEN 612: MANAGING ENTREPRENEURIAL GROWTH

Date: JULY 2018

Duration: 3 Hours

INSTRUCTIONS: Answer any FOUR Questions

- Q1. Read the case of **Ms Borness Chepkurui Agui** and answer the following questions.

FORMER FRUIT HAWKER ENJOYS TIDY PROFITS FROM GUEST ROOMS
By Francis Mureithi

While hawking fruits in choking dust and gas from heavy trucks, making stopovers at the busy Salgaa trading centre along the Nakuru-Eldoret highway, Ms Borness Chepkurui Agui never imagined that her little savings would enable her to start a lucrative guest room business. Before venturing into hawking, Ms Agui eked out a living at a waiter, earning a meager Ksh.5,500 a month, an income that could hardly support her and her child. "After paying all my monthly bills, I was left with little money to save and meet other family needs. I kept asking myself whether I would be able to feed and clothe more children and give them good education with that kind of salary," she told the interviewer. However, determined to succeed, Ms Agui bought a Sh7,000 bicycle using her savings and committed the remainder to buying fruits and green vegetables to hawk in the market. Her efforts soon paid off and she started making profits of Sh5,000 a month. She decided to diversify her investments. In 1994, she borrowed money and set up a posho-mill at a cost of Sh250,000.

As her businesses grew, so did her asset base and in a short time, she bought a Sh90,000 plot of land on which she built the Tausi Lodgings in 1996. "I started with six rooms with no electricity. Today, I have 43 rooms and plan to extend them to cater for the increasing number of customers," Mama Tausi, as she is

popularly known, says. She notes that investing in guest rooms is a profitable idea because she realizes a net profit of between Sh100,000 and Sh120,000 a month, translating to between Sh1.2 million and Sh1.4 million a year. “I have managed to build myself a six bed-room bungalow worth Sh2 million, bought a Sh1.2 million car, and acquired five more plots” says Ms Agui. The mother-of-six says she derives joy from the fact that she has managed to create jobs for 10 permanent staff and a security guard. However, it has not been a smooth ride in her quest to succeed. She says that the post-election violence that hit the country in 2007/2008 disrupted business in the town, forcing her to turn her lodgings into shelter for hundreds of internally displaced persons fleeing the skirmishes in the area.

The 38-year-old also laments that sometimes her customers are rude and violent and beat up her workers while others steal small household items such as padlocks, bath towels, and slippers. Dishonest workers are another challenge. “Sometimes I am forced to make impromptu inspection in the dead of the night to establish the number of visitors in the rooms,” she says.

What has been her inspiration? “To get to the top, you must work hard and every extra shilling you make at the beginning of any venture must be jealously guarded as it will ultimately determine your future,” says Ms Agui. “Never ignore the small savings you make daily as that is what catapulted me from rags to riches,” she says.

Required:

- a) Analyze the entrepreneurial traits of Ms Agui **(5 marks)**
 - b) What entrepreneurial lessons can you learn from the case? **(5 marks)**
 - c) Identify the environmental factors that influenced the growth of Ms Agui enterprise **(5 marks)**
- Q2. a) Analyze the challenges facing the growth of micro and small enterprises in Kenya **(8 marks)**
- b) Prescribe strategies which can be employed to develop the informal sector in Kenya. **(7 marks)**
- Q3. a) Evaluate the entrepreneurial activities taking place in **Any Three** of the following industries in Kenya:
- i) Hotel and tourism industry **(5 marks)**
 - ii) ICT industry **(5 marks)**
 - iii) Agricultural Industry **(5 marks)**
 - iv) Entertainment industry **(5 marks)**
 - v) Transport industry **(5 marks)**
 - vi) Jua Kali Industry **(5 marks)**

Q4. a) Write short notes on **Any Five** of the following strategies that can be used by entrepreneurs to grow their enterprises.

- i) Expansion
- ii) Merger
- iii) Diversification
- iv) Joint venture
- v) Franchising
- vi) Sub-contracting

(3 marks each)

Q5. a) Critically analyze the following stage models of entrepreneurial growth.

- i) Life cycle growth model **(8 marks)**
- ii) Churchill and Lewis model **(7 marks)**

Q6. With help of relevant examples, explain the following entrepreneurship models:

- i) Multi-dimensional model **(8 marks)**
- ii) Strategic management model **(7 marks)**

END