



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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**MAIN EXAMINATION**

**AUGUST - DECEMBER 2018 TRIMESTER**

**FACULTY OF COMMERCE**

**MBA PROGRAMME**

**CEN 612: MANAGING ENTREPRENEURIAL GROWTH**

**Date: DECEMBER 2018**

**Duration: 3 Hours**

**INSTRUCTIONS: Answer Question ONE and any other THREE Questions**

Q1. Read the case of **Mark Zuckerberg** and answer the following questions.

### **The Rise of Facebook**

Mark Zuckerberg is co-founder and CEO of the social-networking website Facebook, as well as one of the world's youngest billionaires. He was born on May 14, 1984, in White Plains, New York, Mark Zuckerberg co-founded the social-networking website Facebook out of his college dorm room. He left Harvard after his sophomore year to concentrate on the site, the user base of which has grown to more than 250 million people, making Zuckerberg a billionaire. The birth of Facebook was recently portrayed in the film *The Social Network*.

In 2005, Zuckerberg's enterprise received a huge boost from the venture capital firm Accel Partners. Accel invested \$12.7 million into the network, which at the time was open only to ivy league students. Zuckerberg's company then granted access to other colleges, high school and international schools, pushing the site's membership to more than 5.5 million users by December 2005. The site then began attracting the interest of other companies, who wanted to advertize with the popular social hub. Not wanting to sell out, Zuckerberg turned down offers from companies such as Yahoo! and MTV Networks. Instead, he focused on expanding the site, opening up his project to outside developers and adding more features.

Zuckerberg seemed to be going nowhere but up, however in 2006, the business mogul faced his first big hurdle. The creators of Harvard Connection claimed that

Zuckerberg stole their idea, and insisted the software developer needed to pay for their business losses. Zuckerberg maintained that the ideas were based on two very different types of social networks but, after lawyers searched Zuckerberg's records, incriminating Instant Messages revealed that Zuckerberg may have intentionally stolen the intellectual property of Harvard Connection and offered Facebook users' private information to his friends.

Zuckerberg later apologized for the incriminating messages, saying he regretted them. "If you're going to go on to build a service that is influential and that a lot of people rely on, then you need to be mature, right?" he said in an interview with *The New Yorker*. "I think I've grown and learned a lot." Although an initial settlement of \$65 million was reached between the two parties, the legal dispute over the matter continued well into 2011, after Narendra and the Winklevosses claimed they were misled in regards to the value of their stock. Zuckerberg faced yet another personal challenge when the 2009 book *The Accidental Billionaires*, by writer Ben Mezrich, hit stores. Mezrich was heavily criticized for his re-telling of Zuckerberg's story, which used invented scenes, re-imagined dialogue and fictional characters. Regardless of how true-to-life the story was, Mezrich managed to sell the rights of the tale to screenwriter Aaron Sorkin, and the critically acclaimed film *The Social Network* received eight Academy Award nominations.

Zuckerberg objected strongly to the film's narrative, and later told a reporter at *The New Yorker* that many of the details in the film were inaccurate. For example, Zuckerberg has been dating longtime girlfriend Priscilla Chan, a Chinese-American medical student he met at Harvard, since 2003. He also said he never had interest in joining any of the final clubs. "It's interesting what stuff they focused on getting right; like, every single shirt and fleece that I had in that movie is actually a shirt or fleece that I own," Zuckerberg told a reporter at a start-up conference in 2010. "So there's all this stuff that they got wrong and a bunch of random details that they got right." Yet Zuckerberg and Facebook continued to succeed, in spite of the criticism. *Time* magazine named him Person of the Year in 2010, and *Vanity Fair* placed him at the top of their New Establishment list. *Forbes* also ranked Zuckerberg at No. 35 - beating out Apple CEO Steve Jobs-on its "400" list, estimating his net worth to be \$6.9 billion.

**Required:**

- a) Analyze the entrepreneurial traits of Mark Zuckerberg **(10 marks)**
  - b) What entrepreneurial lessons can you learn from the case? **(8 marks)**
  - c) Identify the factors that led to the Rise of Facebook **(7 marks)**
- Q2. Critically analyze the following stage models of entrepreneurial growth.
- i) Lifecycle growth model **(8 marks)**
  - ii) Churchill and Lewis model **(7 marks)**
- Q3. Evaluate the entrepreneurial activities taking place in **Any Three** of the following industries in Kenya:

- i) Agricultural Industry (5 marks)
- ii) Jua Kali Industry (5 marks)
- iii) ICT industry (5 marks)
- iv) Hotel and tourism industry (5 marks)
- v) Transport industry (5 marks)
- vi) Entertainment industry (5 marks)

Q4. Analyze the challenges facing the growth of Micro and Small Enterprises in the Kenyan informal sector (8 marks)

Q5. With help of relevant examples, explain the following entrepreneurship models:

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

Q6. Prescribe strategies which can be employed to develop the informal sector in Kenya. 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)

**\*END\***