

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2019/2020 ACADEMIC YEAR
FOURTH YEAR FIRST SEMESTER**

SUPPLIMENTARY/SPECIAL EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: ECO411

**COURSE TITLE: THE ECONOMICS OF INNOVATION AND
ENTREPRENEURSHIP**

DATE: 09/02/2021

TIME: 2.00 – 4.00PM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory
- 4) Show your work clearly.

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

QUESTION ONE (COMPULSORY 30 MARKS)

Read the following case study and answer the questions that follow:

Fired from Administration Assistant Job at 23 years to Become an Award Winning CEO

Okonji has been through what most young people joining the job market would consider as one of the most dreaded career nightmares. Five months into her first job after graduating from Strathmore University, she got fired. "I can't even put a finger on the reason why it happened in the first place," says Elle Interior Designers CEO Daphine Okonji when I meet her at her offices in Kileleshwa. "I was working for a small HR Firm and one day out of the blue I got called into the Director's office and I was told they were letting me go," she shares, adding that she wasn't prepared for such a drastic move. "It was a small firm so I couldn't run to the HR and start complaining about my situation." So, what did she do? I probe. "I cried my heart out since I had given the job my all. From Monday to Saturdays I would show up and give it my best, but they still decided to fire me and till to this day I can't pin the reason as why it happened." But that was then. Today, she has a different story. And it's a successful one at that. While a lot of people dream of becoming doctors, lawyers or pilots, Ms Okonji had a different dream altogether. "I always wanted to become a business woman." It's after she got fired that she decided to take her next career journey. She shared that after campus she had an opportunity to run a guesthouse where she would hone her interior design skills. "Some of my friends who saw my final product noticed my talent and suggested that I give interior design a try as a business. She says that, "The good thing with Interior Design is that you do not need a lot of capital to begin within," she reveals, adding that she only used Sh 5,000 which was part of her savings as her starting capital. It started out as a small vision doing just homes and it has now blossomed into this big business." Today, some of her commercial clients are Vivo Energy, Swift Global, Tato (Chinese Company) among others. And she is not just about words. She has several awards to show for it. In 2013, Strathmore University handed her the Outstanding Young Female Alumni award, while Young Enterprise Africa (SME) honoured her with Outstanding Young Female Entrepreneur award and also going ahead to win the International Property Award in Africa.

So what does she attribute her successful career journey to despite having a not so good start with employment? "I put God first in everything I do and I try to read as widely as I can to acquire and improve on my business acumen," with a smile she adds, "Of course you can hire people with skills but as a CEO and an owner of a business you have to be at the top of your game to succeed." She adds that she has an invaluable support system offered by her family. The mother of one reveals that her husband of five years decided to quit his job as a Financial Analyst in the oil industry to help her in the running of the business which also includes an interior design college. "He is very good at analyzing the FINANCIAL ASPECT of the business while as I am good at MARKETING AND STRATEGIZING." Would she ever think of going back to employment? She cringes at my question and then, "No way! I have employed a lot of people who consider Elle Interior Designers to be their bread and butter so what would happen to them if I decided to up and leave?" she poses. Speaking of employment she shares that some of the challenges she has to deal with is when it comes to hiring new people. "I find that a lot of young people nowadays are looking for a job not because they want to add value to the company but because they want money. It's hard to maintain such people and it's even hard for them to learn anything because the sooner they hear of another "better" opportunity somewhere else they are already on their way." So what then is her advice to job seekers out there? "Of course you've

heard of the common phrase of "Hakuna Kazi" being the sole reason why we have a lot of unemployed youth." She advises that, "An employer is looking for someone who can add value once he/she gets employed so it's good to always understand what your job is all about and again don't be too proud and high headed when job searching and think you are entitled to opportunities just because you have a degree. If that's the case I would have dismissed my first job as an administration assistant just because I had a Strathmore degree." For those looking to start their own ventures she says, "Never go into business just because you want to make money. That's what hustlers do and their success is always short lived because they do not think beyond breakfast.

A real entrepreneur goes into business because they identify problems that people face and come in with solutions to solve them." While she has enjoyed coverage from leading media such as Nation, Management, Standard, Business Mind, Parents and others, she remains humbled. 23 year old Martin Okoth a Business Support Assistant with the company shares that, "I take her as a friend first, she is firm and straight forward, she lets you be, she is open to discussion and she doesn't micro manage us. I take her as a friend first," he says..." I become a boss when things are thicker," adds Ms Okonji with a hearty laughter. Her final words "Do what you love and love what you do and most importantly don't make excuses and say you are too young or inexperienced or whatever. Those are just pity parties that people like to throw for themselves."

- a) "He is very good at analyzing the FINANCIAL ASPECT of the business" discuss some of the financial strategies that the husband of Ms Okonji may be applying in their business
- b) What market analysis, research and plans does entrepreneurs like Ms Okonji use in order to succeed in their businesses
- c) How did Ms Okonji spot that her business idea was good and that her idea had the characteristics of a good business opportunity.
- d) Innovation is the key to firm growth. Discuss how innovative Ms Okonji has been and Suggest several innovative additions she can use to help her Company.
- e) Schumpeter saw entrepreneurship as the engine of economic development which resulted in new combinations called an enterprise. What makes Entrepreneurship different from Innovation (6 marks)

QUESTION TWO

- a) Using appropriate examples discuss some of the personal traits that successful entrepreneurs possess (10 marks)
- b) Entrepreneurs are known to have the Internal Locus of control. Explain and show why they are **Internals and not Externals** (10 marks)

QUESTION THREE

- a) Explain what is meant by a business plan (2 marks)
- b) What are the benefits associated to proper business planning (6 marks)
- c) Discuss the features or phases of a business plan (12 marks)

QUESTION FOUR

- a) There are many entrepreneurial theories undergirding of entrepreneurship development. Discuss any five of these theories (10 marks)
- b) Highlight further five applications of these theories to Kenya's entrepreneurship (10 marks)

QUESTION FIVE

For an entrepreneur to successfully launch a new venture, there are certain processes that are usually followed. Discuss the entrepreneurial process commonly applied by successful entrepreneurs.