

The
Management
University
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DIPLOMA UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DIPLOMA COMMON UNIT

DCU 105: PRINCIPLES OF ENTREPRENEURSHIP

DATE: 3RD AUGUST 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

ENTREPRENEURSHIP SUCCESSES

On a personal level, enterprising can be any identified idea that a person can translate into a planned and satisfactorily implemented activity. In the business sense, enterprising refers to the implementation of a business venture or undertaking.

Practically all undertakings can be referred to as enterprising, i.e. idea identification, planning, implementation, successful completion of an activity and receiving the rewards. The success of a business is attributed more to the success of the entrepreneur. What makes the entrepreneur successful? Do they have some common character traits? Research shows that there are certain traits common in many successful entrepreneurs. Willingness to work hard distinguishes a successful entrepreneur from unsuccessful ones. Running a business requires a lot of energy and drive. This involves the ability to work for long hours, to work intensely and to cope with less than normal amount of sleep. To succeed, entrepreneurs have to believe in themselves and in their ability to achieve the goals they have set for themselves. They believe that “if you want something badly enough and are prepared to work at it, you will usually get it”. High Achievers entrepreneurs have a strong desire to achieve set goals.

The high achievement motive strengthens them to surmount obstacles, suppress anxieties, repair misfortunes and devise expedients to run successful business. Entrepreneurs are not disturbed by the present problems they face. They are positive that situations will become more favorable in the business future. All businesses have their problems and disappointments. Being persistent in solving a problem is key to being a successful entrepreneur. Success in business depends upon being able to set realistic goals or targets and work with determination to achieve them. This is fundamental for an entrepreneur. All business ventures inevitable contain disappointments and failures as well as success. Coping with failures involves recognizing these failures, learning from

them and seeking new opportunities. Without this characteristic, early failures may end a person's attempt at business success. The qualities of honesty, fair dealing and reliability in terms of doing what one has promised to do are essential traits of an entrepreneur. Production is meant to meet the customers' requirements. In view of the changing customer tastes and preferences from time to time, the entrepreneurs initiate research and innovative activities to produce goods to satisfy these changes. Being an entrepreneur involves some risks. Entrepreneurs have the ability to take calculated risks. These involve working out the likely costs and gains, the chance of success and the belief in oneself to make risk pay off. They do not like following orders or routine. They resist being pigeonholed hence they work towards the future market alignment.

Required:

- a) Identify and list ten characteristics of entrepreneurs as per the case study

(10 MARKS)

- b) Entrepreneurs work in both internal and external environment. Explain five external environmental factors that affects business

(10 MARKS)

- c) Discuss any five elements of an entrepreneur **(10 MARKS)**

QUESTION TWO

- a) Your success as an entrepreneur is determined in large part by your ability to communicate. You can be the best at what you do, but if you're not communicating effectively with clients, staff and the market, then you're missing opportunities. Discuss five communication skills that an entrepreneur should possess.

(6 MARKS)

- b) Discuss two benefits that will accrue from networking **(4 MARKS)**

QUESTION THREE

- a) Explain five internal factors that motivate a person to become an entrepreneur

**(5
MARKS)**

- b) Organizational performance and effectiveness depend upon successful management of the environment. Discuss five socio-cultural and technological factors influencing the business community in your country. **(5 MARKS)**

QUESTION FOUR

- a) Explain three purposes of entrepreneurship training and the methods involved

(6 MARKS)

- b) Discuss four reasons why entrepreneurs and small firms have difficulties in accessing finance for startup and expansion.

(4 MARKS)

QUESTION FIVE

- a) Most small scale enterprises carry out the trading activities at a central location. Outline the measures an entrepreneur would take to gain a competitive edge over his or her competitors

(5 MARKS)

- b) Explain the steps the Kenya government has taken in order to promote entrepreneurship.

(5 MARKS)

QUESTION SIX

- a)** Discuss five legal forms that an enterprise can take **(5 MARKS)**
- b)** Explain the need of corporate entrepreneurs in the business today **(5 MARKS)**