

The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 201: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

DATE: 15TH APRIL 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 **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 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:

CASE: THE DILEMMA OF "GREENSPROUT ORGANICS"

Maria Kamau founded Greensprout Organics three years ago as a sole proprietorship, supplying fresh, hydroponically grown vegetables to high-end restaurants in Nairobi. Her unique value proposition is consistent, year-round supply and superior quality. The business has been successful, but Maria now faces a critical juncture. A national supermarket chain has offered her a large, two-year contract, which would triple her sales volume. To fulfill this contract, Maria needs to invest KES 3 million in a larger greenhouse, automated irrigation, and a refrigerated van. Her current profits are insufficient to fund this expansion.

She is considering a bank loan but is wary of the debt burden. Alternatively, a former colleague has expressed interest in becoming an equity partner and contributing the capital.

However, Maria is concerned about losing control of her company. She also struggles with managing her existing three employees, often dealing with conflicts and missed deadlines. The new contract would require hiring five more staff, a prospect she finds daunting.

Required:

- a) Analyze the two most significant operational and managerial challenges Maria will likely face in scaling her operations to meet the supermarket's demand. **(6 marks)**
- b) Compare and contrast the implications of funding her expansion through a bank loan versus taking on an equity partner. **(10 marks)**
- c) Given the struggles with her current staff, propose two robust Human Resource Management (HRM) practices she could implement to improve productivity and prepare for new hires. **(6 marks)**
- d) Examine how a change in government policy subsidizing green agricultural technology could create an entrepreneurial opportunity for a business like Greensprout Organics. **(3 marks)**

QUESTION TWO

- a) David McClelland's Manifest Needs Theory is central to understanding entrepreneurial motivation. Examine the three types of manifest needs and assess which is most synonymous with the core drivers of entrepreneurial behavior. **(8 marks)**
- b) Contrast the primary functions and focus of an entrepreneur with those of a manager within an organization. **(7 marks)**

QUESTION THREE

- a) Outline the three primary legal structures for business ownership in Kenya, highlighting a key characteristic of each. **(6 marks)**
- b) Construct a SWOT Analysis for a proposed new business that plans to offer affordable, solar-powered irrigation systems to smallholder farmers in a rural county in Kenya. **(9 marks)**

QUESTION FOUR

- a) Illustrate the four stages of the "Product Life Cycle" (PLC) and for each stage, identify one appropriate marketing objective. **(8 marks)**
- b) Explain the concept of the "Marketing Mix" for a small business selling handmade leather bags, provide a specific example for each of the 4 Ps. **(7 marks)**

QUESTION FIVE

- a) Identify and explain three key entrepreneurial competencies, as identified by the Entrepreneurship Development Institute, that are critical for business success. **(9 marks)**
- b) Describe the FIVE forces in Michael Porter's Five Forces Model for industry analysis. **(6 marks)**

QUESTION SIX

- a) Argue the importance of Corporate Social Responsibility (CSR) for the long-term success of a small business, providing two specific examples of CSR initiatives. **(8 marks)**
- b) Explain any four differences between Lease Financing and Hire-Purchase as methods of acquiring business assets. **(7 marks)**