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**SECTION A (20 MARKS)**  
*Answer all questions in this section*

1. (a) (i) Entrepreneurial competencies refers to the ability of an entrepreneur to perform their business activities properly or well. *or It is the (1 mark) ability of an entrepreneur to operate the venture successfully.*
- (ii) Competencies required for successful entrepreneurship.
  - Knowledge
  - Skills.
  - Traits.
- (b) (i) A business idea is a response of a person or organization to solving an identified problem in the environment or meeting perceived needs. *Any 3X1 (3 marks) or a thought that an entrepreneur has that can be transformed into a viable business opportunity.*  
 While *Whereas* yet.  
 A business opportunity refers to an attractive investment idea or proposition that provides the possibility of a monetary return for the person taking the risk.
- (ii) Agri-business opportunities one can engage in;
  - Poultry
  - ~~Agriculture~~ *Aquaculture / Fish farming*
  - Horticulture *Vegetable growing*
  - Floriculture.
  - Orchard
  - Crop production
  - Agric- support services
  - Livestock production *Dairy farming*
  - Piggery.
  - *Agro-forestry*
  - 
  - 
  -

*Any 2x1*

*use all agribusinesses or agribusiness practices.*
- (c) Manifestations of;
  - (i) Gender partnership.
    - Rewarding each member justly for his / her services.
    - Avoiding threats of exploitations or victimization.
    - Making participants aware of their membership and that of others.
    - Ensuring that each member gets satisfied from participating in all activities.
    - Promoting two-way communications between members.
    - Ensuring that every member develops a feeling of identity/ belonging to the business or partnership.
    - Promoting development for each member.



- Encouraging each member /worker to communicate their feelings about business aspects.

- All partners build mutual respect and trust for one another.

Any 2X1

(ii) Gender equality.

- Allocating duties and responsibilities regardless of gender.
- Recruiting of employees regardless of gender.
- Ensuring equality in participation in decision making for both gender.
- Providing equal training opportunities to both male and female employees.
- Giving special considerations to marginalized gender.
- Providing favourable working conditions to both male and female employees on merit.
- Providing fringe benefits to both male and female employees.
- Recognition and rewarding outstanding performers regardless of gender.

- Paying both male and female workers equally for the same work done.

- Involving both gender in decision making.

- Equal rights to promotion.

Any 2 X 1 (2marks)

- Allowing all gender to participate in leadership.

- (d) (i) Quality control refers to the operational techniques and activities that are required /used to fulfill the requirements of quality.

(1 mark)

(ii) Elements of product quality.

- Performance
- Conformity
- Reliability
- Durability
- Service
- Perceived quality
- Aesthetics
- Safety
- Easy handling
- Customer satisfaction.

- Design.

- Compatibility

Any 3 X 1 (3 marks)

(e) Components of a financial plan;

- Fixed capital requirements
- Starts up / operating expenses
- Working capital requirements.
- Sources of finance
- Expected sales
- Profitability of the business

Income statement.



- Break even sale of the business
- Periodical cash flow.

- **Balance sheet.**

Any 4X1 = (4marks)

### SECTION B (80 MARKS)

Answer any four questions from this section.

(a) Sources of innovation include;

- Unexpected occurrences
- Process needs
- Incongruities | Divergence between real and ideal situation.
- Industry and market changes.
- Demographic changes
- Changes in perception, mood and meaning.
- New knowledge and technology.

Any 5X1 = (5 marks)

Types of innovation are;

- Business model innovation
- Marketing innovation.
- Organizational innovation
- Process innovation
- Product innovation
- Supply chain innovation
- Service innovation
- Frugal innovation
- **Financial innovation.**

Any 5 X 1 = (5 marks)

2. (b) Reasons why innovation is more embraced in small business than large enterprises.

- Personally invested and passionate
- Personal connection with customers
- Alertness and adaptation | They are very flexible.
- Experimentations and improvisation
- Resource limitations | Do more with less resources.
- Information sharing and collaborations.
- **Willing to try new approaches.**
- **Decision making in small businesses is easy concerning innovation.**

Any 5 X 2 = 10 marks

(a) Political factors limiting entrepreneurial intentions and opportunity identification.

- Political insecurity/ unfavourable political climate.
- Unfavourable government policies of high taxation.
- Low government expenditure in education and health. | **Low government expenditure on key/priority sectors.**



- or unsupportive*
- Weak government departments and institutions.
  - Absence of clear policies on political and religious refugees.
  - Weak and inefficient laws. *unfavourable legal environment*
  - Absence of pressure groups.

*Make the points biased on the negative side and explain negative side.* Any 6 X 2 = 12 marks

- (b) Strategies that can improve the political environment;
- Improving the political climate.
  - Strengthening government departments and institutions.
  - Enacting fair and considerate tax policies.
  - Increasing government expenditure in education and health.
  - Setting clear policies on political and religious refugees.
  - Encouraging formation of pressure groups to check on government's response towards entrepreneurship.
  - Strengthening legal systems and frame works that promote business.
  - Subsidizing existing business enterprises.
  - Advocating for liberation.

*Use Present Continuous tense or action verb. Avoid 'should'.*

Any 8 X 1 = 8 marks.

- (a) Social responsibilities of business enterprises.
- Creation of jobs. *or employment opportunities*
  - Sponsoring community games, health and schools contributing to other community development programmes.
  - Protecting the environment by planting trees.
  - Participation in massive cleaning of the different areas of society.
  - Acting as a center of training of local manpower.
  - Providing market to society's outputs like agricultural products.
  - Utilizing would be idle resources.
  - Providing goods and services.
  - Improving infrastructures e.g. roads.
  - Helping students and researches in carrying out business activities.
  - Increasing opportunities for the disadvantaged.
  - Providing education/training facilities
  - *solving world and social problems.*
  - *Payment of taxes.*

*etc.*  
*Use action verb or Present Continuous tense (-ing).*

Any 10 X 1 = 10 marks

- (b) Determinants of profitability levels of a business.
- Volumes of sales. *level of sales*
  - Quality of products produced
  - ~~Cost of production~~



- Cost of raw materials
- Labour costs
- Technological levels.
- Terms of sale ie cash or credit
- *price of goods / price charged.*
- *Level of competition*
- *objectives / goals of the entrepreneur.*
- *Degree of risks.*
- *level of demand / market size.*

*Use while, whereas, yet, and as turning words. Any 5 X 2 = 10 marks*  
*Neutral point, 2 sided explanation.*

- 5 (a) Consideration for inducting employees.
- Know the job. The entrepreneur gathers information about the job on which the induction of employees is to be made.
  - Have current employee serve a mentor.
  - Prepare a simple job breakdown.
  - Set a training time table.
  - Arrange the work area.
  - Evaluate new employees work on daily basis.
  - Treat employees with disabilities as other employees but provide specific equipment to enable them. *Perform the job effectively.*

*Any 5 X 1 = 05 marks*

Benefits of inducting employees to organization.

- Reduces employment turnover / increases employment retention.
- Improve employee productivity and efficiency.
- Enhances reputation of the organization / creates positive professional image.
- It checks on employees learn about company policies/culture.
- Employees develop a sense of belonging to an organization.
- Motivates employees as they feel welcomed.
- Promotes team work.
- Helps spell out duties to new employees so as to avoid role confusion.
- *Builds employees confidence.*
- *Reduces the need for supervision of workers.*
- *Develops Health relations in the organisation*

- use present tense*
- (b) Tools entrepreneurs adopt when evaluating workers.
- Ranking
  - Rating scale
  - Open-ended method.
- Any 5 X 1 = 05 marks*



- Behavior expectation scale/ BARS.
- Peer rating
- 360-degree appraisal.
- Grading *method.*

*1 mark - mentioning  
1 mark - explaining.*

*Any 5 X 2 = 10 marks*

6 (a) (i) Procedures for carrying out market research.

- Defining the research problem.
- Developing / planning the research.
- Collecting the data.
- Analyzing the data.
- Preparing a research report.

*follow chronological order.*

*Any 5 X 1 = (5 marks)*

(ii) Procedure for determining market size.

- Establishing the total number of homes in the targeted area.
- Establishing the average annual household income per year.
- Multiplying the total number of homes with the average household income of the particular trading area.
- Establishing the percentage of household's income to be spent on the specific product category by a particular group.
- Multiplying the percentage of household income spent on the particular product by the total annual income in a trading area.
- Calculating the total market share by assuming the percentage to be spent on the product.

*Follow chronological order.*

*Any 5 X 1 = 5marks*

6. (b) Instances under which an entrepreneur carries out market research.

- When there is need to ascertain challenges in the current market.
- When he wants to find out who the customers are.
- When he wants to determine customer's care.
- Where and when customers want a good or service.
- When he wants to carryout marketing decision making.
- When the entrepreneur wants to determine his/her market share.
- When he wants to find out the effectiveness of the advertising and promotional strategies for attracting customers.
- When he wants to find customer's opinions as regards the product or any new products introduced in the market.
- When he wants to identify the market trends.



- When he wants to analyze the SWOT of the business.
  - When he wants to assess the feasibility of the business.
  - When he wants to establish market gaps.
  - When there is need to select the best channel of distribution for goods and services.
  - Incase he wants to charge fair price or find out the responses on prices charged.
  - When he wants to find out business's competitors
- Begin with: When, If, Incase.

Any 10 X 1 = 10 marks.

(a) Reasons why entrepreneurs should pay taxes.

- To raise revenue for the government to be used in the provision of social services.
- To enable smooth running of business operations.
- To enable the business acquire government tenders and contracts.
- To easily acquire funding in form of bank loans.
- To maintain/create/ improve the business image in the community.
- To avoid additional costs like penalties and surcharges.
- To avoid inconveniences like prosecution and imprisonment.
- To access government support.
- To enable business continuity.
- To fulfil the social responsibility of business
- To enable business registration.

Any 8 X 1 = 8 marks

Note: They are different from reasons why the government levies taxes.

(b) Reasons why indirect taxes are popular than direct taxes.

- Indirect taxes are difficult to avoid and evade since they are contained in the prices of goods and services which consumers buy unlike direct taxes which are easy to avoid and evade.
- Indirect taxes are less felt and resented since they are usually paid as part of prices of goods unlike direct taxes whose burden is directly felt by the tax payer.
- They can be used to strengthen link with other countries through international trade unlike direct taxes which are levied on incomes and instead repel foreign investors.
- Indirect taxes encourage hard work and initiative since they are not directly linked on earnings unlike direct taxes which discourage production and act as a disincentive to hard work and initiative.
- Indirect taxes are more economical in collection since they are collected by suppliers of goods/ services and then passed on to government compared to direct taxes whose collection cost is high especially in rural areas.
- Indirect taxes are convenient to the tax payers since they are paid when a consumer spends on goods and services compared to direct taxes which are inconvenient to tax payers especially when they are paid in a lump sum and in advance.
- Indirect taxes are elastic / flexible unlike direct taxes which are hard to adjust depending on the changes in the country's economic situation.



- Indirect taxes are comprehensive and act as a more reliable source of government revenue unlike direct taxes which exempt some tax payers and are only levied on few individuals incomes.

- Use unlike, than, compared to or which is not the case.
- The comparison should be complete.

*Any 6 well compared X 2= 12 marks.*

**END**