

LAIKIPIA



UNIVERSITY

# UNIVERSITY EXAMINATIONS

1<sup>ST</sup> SEMESTER 2023/2024 ACADEMIC YEAR

FOURTH YEAR EXAMINATION FOR THE DEGREE  
OF BACHELOR OF ARTS IN PSYCHOLOGY

**ECON 414: ENTREPRENEURSHIP ECONOMICS**

***STREAM:*** BA PSYC

***TIME:*** 2 HRS

***DAY:*** MONDAY [8.30-10.30 A.M]

***DATE:*** 11/12/2023

**THIS QUESTION PAPER CONSISTS OF TWO (2) PAGES**

**PLEASE DO NOT OPEN UNTIL THE INVIGILATOR SAYS SO.**



**Instructions: Answer Question ONE and any OTHER TWO questions**

**QUESTION ONE (30 Marks)**

- a) State any **THREE** myths associated with entrepreneurship. **(3 Marks)**
- b) State any **FOUR** methods used in business decision making. **(4 Marks)**
- c) Briefly explain any **THREE** characteristics of an entrepreneur. **(6 Marks)**
- d) Briefly describe the following categories of entrepreneurs according Clarence Danhof:
  - i) Innovative entrepreneur. **(3 Marks)**
  - ii) Fabian entrepreneur. **(3 Marks)**
  - iii) Drone entrepreneur. **(3 Marks)**
- e) Discuss **THREE** resource factors which one should consider before starting any business. **(6 marks)**
- f) Distinguish between creativity and innovation. **(2 Marks)**

**QUESTION TWO (20 Marks)**

- a) Discuss any **FIVE** socio-economic and political factors which affect entrepreneurship in developing countries. **(10 marks)**
- b) Discuss any **FIVE** environmental factors which one should consider before starting any business. **(10 marks)**

**QUESTION THREE (20 Marks)**

Discuss the contribution of entrepreneurship to economic development. **(20 Marks)**

**QUESTION FOUR (20 Marks)**

Discuss the following economic theories of entrepreneurship:

- a) Joseph Schumpeter's theory of creative destruction. **(10 Marks)**
- b) Frank Knight's theory of uncertainty. **(10 Marks)**

**QUESTION FIVE (20 Marks)**

Discuss the relevance of the following components of a business plan to the success of a business venture.

- a) Marketing plan. **(5 Marks)**
- b) Competitor analysis. **(3 Marks)**
- c) Management and organization. **(6 Marks)**
- d) Financial plan. **(6 Marks)**

