

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
PSYCHOLOGY IN PSYCHOLOGY, ECONOMICS AND SOCIOLOGY, ECONOMICS
AND STATISTICS AND ECONOMICS AND MATHEMATICS**

ECON 444: ENTREPRENEURSHIP ECONOMICS

STREAMS: B. PSYC, ECON & SOCI, ECON & STAT & ECON & MATHS

TIME: 2 HOURS

DAY/DATE: THURSDAY 23/09/2021

11.30 A.M – 1.30 P.M.

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions.**

QUESTION ONE (30 MARKS)

- (a) Distinguish between the following terms as used in entrepreneurship economics. (6 marks)
- (i) Bounded rationality and information asymmetry
 - (ii) Patent and a trademark
 - (iii) Venture capitalist and a franchise
- (b) In the current era of entrepreneurship, the internet is useful and central to any entrepreneur. Using relevant examples, evaluate this statement. (8 marks)
- (c) Distinguish between sources of finances for an enterprise by highlighting their advantages and disadvantages. (8 marks)
- (d) A key element of entrepreneurship is risk-bearing. Discuss any four types of risks faced by entrepreneurs in Kenya. (8 marks)

QUESTION TWO (20 MARKS)

- (a) A number of theories have been advanced to explain why entrepreneurs behave the way they do. The key ones are economic, managerial, psychological and sociological theories. Using relevant examples show how the theories explain entrepreneurial behaviour. (10 marks)
- (b) It can be difficult for a prospective entrepreneur to determine what product or service to provide for sale. Explain the factors that may be considered in doing so. (10 marks)

QUESTION THREE (20 MARKS)

- (a) Most economists agree that entrepreneurship is essential to the vitality of any economy, developed or developing. Discuss this statement with reference to the Kenyan economy. (10 marks)
- (b) Government policy on entrepreneurship can be active or passive. Discuss five strategies being implemented by the Kenyan government to encourage entrepreneurship and small businesses. (10 marks)

QUESTION FOUR (20 MARKS)

- (a) Compare and contrast the Kenyan and East Asian economic policies and their influence on entrepreneurial success. (10 marks)
 - (b) Discuss the various forms of business organizations and the challenges that they face. (10 marks)
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