LEVEL 6

Demonstrate

Entrepreneurial Skills

November / December 2023

TVET CURRICULUM DEVELOPMENT, ASSESSMENT AND CERTIFICATION COUNCIL (TVET CDACC)

WRITTEN ASSESSMENT*(ANSWERS by:careernub.com)*

SECTION A: (40 Marks)

1. **Advantages of Sole Proprietorship** (4 Marks)

- **Simplicity**: Easy to establish and manage with minimal regulatory requirements.
- **Complete Control**: The owner has full control over decision-making.
- **Tax Benefits**: Profits are taxed as personal income, which can lead to lower overall tax rates.
- **Direct Motivation**: The owner directly benefits from the profits, which can enhance motivation.

2. **Motivational Theories** (3 Marks)

- **Maslow's Hierarchy of Needs**: Focuses on fulfilling employees' needs from basic to self-actualization.
- **Herzberg's Two-Factor Theory**: Differentiates between hygiene factors and motivators that influence job satisfaction.
- **McGregor's Theory X and Theory Y**: Explores different management styles based on assumptions about employee motivation.

3. **Factors Affecting Product Demand** (3 Marks)

- **Price of the Product**: Higher prices generally lead to lower demand, and vice versa.
- **Consumer Income**: Changes in consumer income can increase or decrease demand for goods.

4. **Business Environment Factors** (4 Marks) a) **Internal Environment**:

- Organizational Culture
- Management Structure b) **External Environment**:
- Economic Conditions
- Legal Regulations

5. **Characteristics of an Entrepreneur** (3 Marks)

- **Risk-Taking**: Willingness to take calculated risks.
- **Innovativeness**: Ability to generate new ideas and solutions.
- **Persistence**: Commitment to overcome challenges and setbacks.

6. **Ways to Become an Entrepreneur** (4 Marks)

- **Identifying a Market Need**: Finding gaps in the market.
- **Starting a Business**: Launching a new venture or startup.
- **Franchising**: Buying into an established business model.
- **Networking**: Building relationships to gain support and resources.

7. **Challenges for Entrepreneurs** (3 Marks)

- **Access to Capital**: Difficulty in securing funding for the business.
- **Market Competition**: Competing with established businesses.
- **Regulatory Compliance**: Navigating legal requirements and regulations.

8. **Factors to Evaluate Business Opportunities** (4 Marks)

- **Market Demand**: Assessing the need for the product/service.
- **Cost of Entry**: Evaluating startup costs and ongoing expenses.
- **Profit Potential**: Analyzing expected returns on investment.
- **Skills and Resources**: Considering personal skills and available resources.

9. **Entry Requirements into Self-Employment** (3 Marks)

- **Business Plan**: A detailed plan outlining business goals and strategies.
- **Licenses and Permits**: Necessary legal documentation to operate.
- **Funding**: Securing financial resources to start the business.

10. **Types of Business Linkages** (2 Marks)

- **Vertical Linkages**: Connections between different levels of the supply chain.
- **Horizontal Linkages**: Collaborations between businesses at the same level.

11. **Difference Between Entrepreneur and Business Person** (4 Marks)

- **Entrepreneur**: Innovates and creates new businesses or products; often takes risks for potential high rewards.
- **Business Person**: Operates existing businesses; focuses more on management and profit optimization.

12. **Advantages of a Good Business Plan** (3 Marks)

- **Guidance**: Provides a roadmap for business operations and strategies.
- **Attracts Investors**: Increases chances of securing funding.
- **Risk Management**: Helps identify potential risks and develop mitigation strategies.

SECTION B: (60 Marks)

13. a) **Importance of Self-Employment** (10 Marks)

- **Independence**: Freedom to make decisions and set one's schedule.
- **Financial Potential**: Opportunity for higher earnings compared to traditional employment.
- **Job Creation**: Contributes to the economy by creating jobs for others.
- **Skill Development**: Enhances various skills through diverse responsibilities.
- **Personal Fulfillment**: Pursuing passions and interests.

b) **Challenges to Entrepreneurial Development in Kenya** (10 Marks)

- **Access to Finance**: Limited availability of funding options.
- **Regulatory Hurdles**: Complex legal requirements for starting and running a business.
- **Infrastructure Issues**: Poor infrastructure affecting business operations.
- **Market Competition**: High competition from established businesses.
- **Lack of Support Systems**: Insufficient mentorship and advisory services.

14. a) **Legal Aspects Vital to Business Operations** (10 Marks)

- **Business Registration**: Ensuring the business is legally recognized.
- **Contract Law**: Understanding and managing contracts with suppliers and customers.
- **Employment Law**: Complying with labor regulations and employee rights.
- **Intellectual Property**: Protecting business ideas and innovations.
- **Tax Compliance**: Adhering to tax regulations and obligations.

b) **Examples of Innovation Strategies** (10 Marks)

- **Product Innovation**: Developing new or improved products.
- **Process Innovation**: Enhancing operational processes for efficiency.
- **Service Innovation**: Offering new services or improving existing ones.

- **Business Model Innovation**: Changing the way business is conducted.
- **Sustainability Innovation**: Implementing eco-friendly practices.

15. a) **Sources of Business Ideas** (10 Marks)

- **Market Research**: Analyzing consumer needs and trends.
- **Personal Experience**: Drawing from one's own experiences and skills.
- **Networking**: Engaging with other entrepreneurs and industry experts.
- **Brainstorming Sessions**: Collaborative idea generation with teams.
- **Observation**: Identifying gaps or opportunities in the market.

b) **Factors When Sourcing Finances** (10 Marks)

- **Cost of Capital**: Evaluating interest rates and repayment terms.
- **Funding Options**: Considering loans, grants, or investments.
- **Business Plan Viability**: Ensuring the business plan is sound.
- **Creditworthiness**: Assessing personal and business credit history.
- **Risk Assessment**: Understanding the risks associated with financing.

16. a) **Barriers to Effective Communication** (10 Marks)

- **Language Differences**: Misunderstanding due to language barriers.
- **Cultural Differences**: Varied cultural norms affecting communication styles.
- **Physical Barriers**: Geographical distance and technological issues.
- **Emotional Barriers**: Personal feelings impacting communication clarity.
- **Information Overload**: Excessive information causing confusion.

b) **Roles of ICT in Business Growth** (10 Marks)

- **Efficiency**: Streamlining operations through automation.
- **Communication**: Enhancing internal and external communication.
- **Data Management**: Facilitating data storage, analysis, and retrieval.
- **Market Reach**: Expanding reach through online platforms.
- **Innovation**: Enabling new business models and services.