INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 2/SEMESTER 1
COURSE CODE: MBA 824
NAME: BUSINESS CAPITALS AND ENTREPRENEURSHIP

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

SECTION A IS COMPULSRORY

Question 1:

Strategic Capital Management: The Rise of Tech Innovations Ltd.

In the dynamic landscape of entrepreneurship, effectively managing business capital is essential for driving long-term growth and success. This case study follows the journey of Tech Innovations Ltd., a startup founded by John, a visionary entrepreneur passionate about pioneering advanced technology solutions. It highlights how John strategically navigated the complexities of capital management to fuel innovation and fulfill his entrepreneurial goals.Tech Innovations Ltd. emerged from John's ambition to transform the wearable tech industry by integrating sophisticated health monitoring features into smartwatches. With a compelling business plan and groundbreaking ideas, John secured initial seed funding from angel investors, enabling him to build a skilled team of engineers and designers to begin product development. From the beginning, John faced typical startup hurdles, particularly in securing sufficient funding for development and market entry. The inherent risks of tech ventures made investor attraction difficult, requiring John to convincingly present his vision and the product’s market potential. Additionally, managing working capital amid inconsistent cash flow and prioritizing R&D investments remained ongoing challenges. To overcome these obstacles, John implemented a strategic capital management approach. He maintained a careful balance between debt and equity financing to avoid financial overextension while ensuring adequate resources for product enhancement and market launch. Market research was instrumental in shaping product features that aligned with customer preferences, allowing for efficient resource allocation. As the company gained momentum domestically, John expanded into international markets, supported by further funding rounds from venture capitalists and strategic alliances. This capital boost facilitated increased manufacturing capacity, broader distribution channels, and stronger global brand

Question 2:

Case Study: Managing Business Capital for Growth

In the competitive realm of entrepreneurship, strategic management of business capital is pivotal for achieving sustainable growth and success. This case study explores the journey of Tech Innovations Ltd., a startup founded by John, a visionary entrepreneur driven by a passion for developing cutting-edge technology solutions. It examines how John navigates the complexities of business capitals to fuel innovation and realize entrepreneurial aspirations. Tech Innovations Ltd. was born from John's vision to revolutionize the wearable technology market with advanced health monitoring features integrated into smartwatches. Armed with innovative ideas and a robust business plan, John secured initial seed funding from angel investors to kick start operations. This funding allowed him to assemble a talented team of engineers and designers to commence product development. From the outset, John encountered several challenges inherent to early-stage startups. Securing adequate funding to support product development and market entry was paramount. The risk associated with tech startups made it challenging to attract investors initially, necessitating John to pitch his vision persuasively and demonstrate the market potential of his product. Moreover, managing working capital effectively amid fluctuating cash flows and prioritizing investment in research and development posed ongoing challenges. To address these challenges, John adopted a strategic approach to capital management. He carefully balanced debt and equity financing to avoid over-capitalization while ensuring sufficient resources for product refinement and market penetration. Market research played a crucial role in guiding product development decisions, allowing John to prioritize features that resonated most with potential customers and optimize resource allocation.

As Tech Innovations Ltd. gained traction in the domestic market, John strategically expanded operations into international markets. This expansion was supported by subsequent rounds of funding secured through venture capital and strategic partnerships. The additional capital infusion enabled the company to scale manufacturing, enhance distribution networks, and strengthen its brand presence globally. The strategic deployment of business capitals paid off for Tech Innovations Ltd. The company successfully launched its flagship smartwatch, gaining recognition for its innovative design and functionality. Customer adoption exceeded expectations, leading to

rapid market penetration and establishing a solid revenue stream. Financial sustainability was achieved through diligent cost management and prudent investment in growth initiatives.

question

a) How did John's initial seed funding from angel investors impact the early stages of Tech Innovations Ltd., and what strategic advantages did it provide for the startup?(10marks

b) Discuss the role of market research in Tech Innovations Ltd.'s product development strategy. How did John leverage market insights to optimize resource allocation and enhance the competitiveness of the company's smartwatch offerings? (10marks

c) Explain the significance of strategic expansion into international markets for Tech Innovations Ltd. What challenges did John face in this expansion, and how did he navigate them?(10marks

d) Evaluate the importance of financial sustainability in the growth of Tech Innovations Ltd. How did John manage cost structures and investment decisions to ensure long-term profitability and growth?
(10marks

SECTION B

ANSWER ANY THREE QUESTIONS FROM SECTION B

Question 1:

a)Explain how the concepts of over-capitalization, under-capitalization, and zero business capital impact a company's financial health and decision-making process.

(10marks)

b)Discuss the strategies a business can employ to achieve an optimal capital structure amidst the trade-offs between short-term and long-term financing, liquidity, profitability, and cost management.(**10marks)**

Question 2:

a) Discuss the risks and costs associated with holding inventory in a business. (10marks)

b) How do these factors impact a company's financial performance and operational efficiency? Provide examples to illustrate your points.
(10marks)

Question 3:

a) Discuss the various methods and strategies that businesses can employ to effectively manage and finance their working capital needs.

(10marks)

Identify and discuss the sources of working capital available to businesses.
(10marks)

Question 4:

a) Discuss the concept of resource mobilization in the context of organizational management. Outline the key strategies and methods organizations can use to effectively mobilize resources for achieving strategic goals and objectives. (10Marks)

b) Highlight the importance of resource mobilization in sustaining organizational growth and competitiveness in dynamic markets. (10Marks)

Question 5:

a) Explain the role of market research in shaping the marketing strategy of a business organization. (10marks) . .

b) Explain the characteristics of entrepreneurs that make them different from other individual **. (10marks**

Question 6:

a) a)Discuss the characteristics of an entrepreneurial venture**. (10marks**)

b) b)Explain the major steps involved in developing an entrepreneurial venture. (10marks)

Question 7:

a) Explain the major aspects that characterize the environment in which entrepreneurs operate. (10 marks)

b) Examine the social and cultural environmental factors that influence entrepreneurial behaviors in Uganda, (10 marks)

Question 8:

a) Evaluate the impact of venture capital on entrepreneurial ventures in the technology sector. **(10Marks)**

b) How can market research guide capital allocation decisions in a new business? (**10Marks)**

Question 9:

a) Discuss the challenges startups face in accessing capital and propose viable solutions. **(10Marks)**

b) Using a case study approach, explain how effective capital management can lead to sustainable business growth. **(10Marks)**

Question 10:

a) Explain using examples the role of human capital in the success of a startup business**. (10Marks)**

b) Discuss the entrepreneurial capital, and how does it influence innovation and risk-taking? (**10Marks)**

Question 11:

a) **Discuss the factors that influence choice of business location in Uganda. (10marks)**

b) **Using relevant examples in Uganda, evaluate the merits and demerits of franchising as a business startup strategy. (10marks)**

Question 12:

a)Discuss the causes of overcapitalization and under capitalization in a firm .(10Marks)

b) explain using examples the determinates of capital structure of a firm.(10Marks)