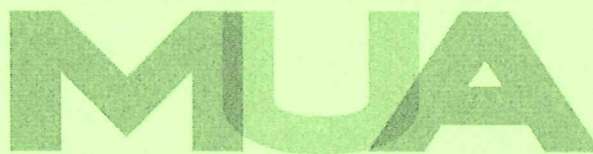


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

AND BACHELOR OF MANAGEMENT AND LEADERSHIP

**BDS 309/BDS 414 : MICRO SMALL & MEDIUM ENTERPRISE DEVELOPMENT
(MSME)**

DATE: 6TH AUGUST 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and, answer the questions that follow:

BUSINESS OPPORTUNITY

Setting up a good business takes a lot of time and effort. In fact, many consider the process of identifying a business opportunity as similar to finding a needle in a haystack - challenging but definitely rewarding. It entails a lot of introspection, balancing what you want to do vis-a-vis what the market wants. There are a million and one things to consider, from costs for expenditure, marketing materials, staff, and other equipment, as well as what your business focuses on. You must also show potential customers that you are enterprising, resilient, and passionate about what you do. That way, they can keep returning to your business and recommend it to friends and family. But what makes a business opportunity effective is its characteristics. To ensure your business opportunity's success, you must see if it has the traits of a great business. This is a *must* because you need to assess whether your business meets your target audience and has the potential to make a return on investment. It's not just any old idea that pops into your head while showering. It's that sweet spot where market needs, personal passion, and the ability to deliver merge together. Business opportunity is an idea that has the potential to become a viable enterprise with a place in one or more markets. Think of it like a puzzle piece that fits perfectly into the market's jigsaw.

A business opportunity is a scenario or circumstance that presents a potential for a new or existing business to grow, expand, or enter a new market. It involves identifying a need or demand in the market that can be met with a product or service. Try to meet your monthly goals when starting your business. That way, you stay on track of projects and complete tasks in manageable chunks before the deadlines. To meet a goal, you'll first need to identify and set your goal. Once that's done, set daily objectives and share them with your team - if you have one. That way, you'll know your target and how to achieve it. Next, you'll need to track your goals. This is done by organizing each project on a project management database such as Airtable. Break down each task and

complete it daily so you don't overload yourself. If you completed a task one day, that's great. But if you didn't, identify why you didn't finish it and work out how to achieve it the next day. If you're working with a team, discuss the progress in meetings or by email so they know what they need to work on to achieve the goal. Set up milestones and delegate tasks amongst your team to work together to complete the project quickly. Remember to learn from previous projects and use them to work on ways to improve your project management in the future. Remember to learn from your mistakes. Otherwise, you'll continue making the same mistakes!

Required:

- A. Assess the essential characteristics of a good business opportunity **(10 marks)**
- B. Once a good business opportunity has been identified, the next step is called the entrepreneurial process of starting the business. Propose the steps involved in the entrepreneurial process **(10 marks)**
- C. Before starting a business, "there are a million and one things to consider, from costs for expenditure, marketing materials, staff, and other equipment, as well as what your business focuses on". Propose any five items which constitute preoperational costs of a hardware shop **(5 marks)**

QUESTION TWO

- A. Equity financing is the process of raising capital through the sale of shares in an enterprise. It refers to sale of ownership interest to raise funds for business purpose. Analyze five disadvantages of Equity financing as source of capital for small scale enterprises **(10 Marks)**
- B. Propose any five key terms used in the definition of an entrepreneur **(5 marks)**

QUESTION THREE

- A. A business plan is a written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement. Highlight five qualities of a good business plan **(10 Marks)**
- B. Justify the need for innovation in an entrepreneurial firm **(5 marks)**

QUESTION FOUR

- A. Networking is a process of creating alliances with people and organizations beyond the immediate boundaries of the venture. Evaluate five benefits of networking in Micro and Small Enterprises **(10 Marks)**
- B. Cash flow refers to the amount of cash or cash-equivalent which the company receives or gives out by the way of payment(s) to creditors. It's often used to analyze the liquidity position of the company. It gives a snapshot of the amount of cash coming into the business, from where, and amount flowing out. Explain five importance of cash management in small scale enterprise **(5 Marks)**

QUESTION FIVE

- A. Human Resource Management (HRM) concerns the human aspect of the management of enterprise and employee's relations with their firms. Its purpose is to ensure that employees of an enterprise, are used in such a way that the employer obtains the greatest possible benefit from their abilities and employees obtain both material and psychological rewards from their work. Analyze five reasons why Human Resource Management is important in the management of small-scale enterprises **(10 Marks)**

- B. Electronic commerce is the application of communication and information sharing technologies among trading partners to the pursuit of business objectives. E-Commerce can be defined as a modern business methodology that addresses the needs of organizations, merchants, and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery. Explain five advantages of e-commerce to consumers **(5 Marks)**

QUESTION SIX

- A. Marketing Management in small business is the process of overseeing and planning new product development, advertising, promotions and sales. Highlight five reasons why marketing management is important in micro and small enterprises **(10 Marks)**
- B. Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. Critically examine five benefits that may accrue to a small-scale enterprise for engaging in Corporate Social Responsibility (CSR) practices in Kenya **(5 Marks)**

