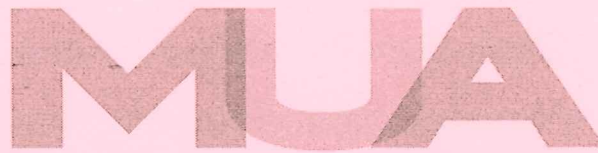


The
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DIPLOMA UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DIPLOMA IN ENTREPRENEURSHIP

DES 103: FINANCING FOR MSMES

DATE: 4TH DECEMBER 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 **FOUR** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 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:

THE LINCOLNSHIRE BUSINESS SUPPORT NETWORK

The Lincolnshire Business Support Network, a collaborative initiative by four local authorities in Lincolnshire, represents a proactive response to the need for fostering SME growth and entrepreneurship in a region that has historically grappled with low levels of innovation and entrepreneurial activity. This case study delves deeper into the network's mission, strategies, and potential impacts. The primary mission of the Lincolnshire Business Support Network is to stimulate the growth of Small and Medium-sized Enterprises (SMEs) and startup ventures within the region. The collaborative effort brings together the resources and expertise of four local authorities in Lincolnshire, emphasizing the significance of a united approach in addressing economic development challenges.

In recognition of the complex challenges faced by SMEs, the network has forged partnerships with private sector support providers. These collaborations enable the delivery of personalized one-to-one consultations to local businesses. Such tailored guidance and mentorship are invaluable for SMEs navigating the intricacies of business development, compliance, and access to financial resources.

One notable aspect of the Lincolnshire Business Support Network is its focus on supporting businesses that encounter unique hurdles in accessing essential support services. These challenges often stem from economic deprivation, rural isolation, or limited broadband coverage. By honing in on these vulnerable businesses, the network aims to level the playing field and create equal opportunities for all enterprises in the region. The linchpin of the network's ambition is to establish a robust and sustainable local market for business support. This involves not only providing immediate assistance but also fostering an environment where businesses can thrive independently. By nurturing entrepreneurship and innovation, the network endeavors to transform Lincolnshire into a hub of economic vitality.

Required:

- a) In relation to the case study, discuss the role of other organizations such as the Lincolnshire Business Support Network **(10 Marks)**

- b) Explain the challenges faced by MSMEs (10 Marks)
- c) Assess the role of micro financing programmes in the informal sector (10 Marks)

QUESTION TWO

- a) Using appropriate examples, describe internal and external sources of finance for small businesses. (5 Marks)
- b) Explain the different microfinance models briefly and give an example of one. (5 Marks)

QUESTION THREE

- a) Explain why do women often face more difficulty accessing financial services for their businesses, especially in Kenya? (5 Marks)
- b) Describe three indicators used to measure how well a small business is doing financially. (5 Marks)

QUESTION FOUR

- a) Discuss the relevance of behavioural economics in microfinance? (6 Marks)
- b) Explain four importance of financing for MSMEs (4 Marks)

QUESTION FIVE

- a) Asses the importance of savings in reducing poverty (6 Marks)
- b) Describe four key trends in MSMEs financing (4 Marks)

QUESTION SIX

- a) Describe two ways microfinance institutions can manage risks to stay stable. (5 Marks)
- b) Examine the government's role in microfinance in Kenya. (5 Marks)

