CO-OPERATIVE UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

BACHELOR OF COMMERCE

COURSE CODE: BENT 2308

COURSE TITLE: SMALL BUSINESS MANAGEMENT

TIME: 3 HOURS **DATE: APRIL 2022**

INSTRUCTIONS: See Inside

SECTION ONE IS COMPULSORY.

QUESTION ONE (Compulsory)

a) Discuss the reasons why entrepreneurs fail to practice intrapreneurship in organizations. (8marks)

b) Discuss the importance of corporate entrepreneurship in an enterprise. (7marks)

c) Discuss why one would prefer to buy an existing business as opposed to starting a new business. (7marks)

d) Companies have ways of building businesses from within their organizations. Each method provides certain benefits and raises specific challenges. Discuss (8mks)

SECTION TWO: CHOOSE TWO MORE QUESTION FROM THIS SECTION

QUESTION TWO

a) Explain the difference between an entrepreneur and a manager in small business enterprises (5marks)
b) Explain **five** importance of controlling in an organization (5marks)
c) Explain five challenges of managing a small enterprise (5marks)
d) Discuss Five roles of entrepreneurs that are commonly used in taking competitive advantage (5mks)

QUESTION THREE

a) Explain what you would do if your manager gave you negative feedback on the way you approached a problem. (8 marks)

b) Discuss how to deal with angry customers who complain about your products/services. (7 marks)

c) Examine the steps of transition of entrepreneurial management to professional management (5mks)

QUESTION FOUR

a) Discuss the key elements in managing succession in a family business (7marks)

b) Explain **five** requirements for successful corporate thinking re-engineering process (8marks)

c) Explain Five methods that an entrepreneur could use to adapt to emerging issues in a business (5mks)

QUESTION FIVE

a) Explain **five** key emerging issues in the business world today (8marks)

b) Discuss **five** factors to consider before engaging into a business venture (7marks)

c) Explain the reasons why family businesses are doing better than most business in Kenya (5mks)

MARKING SCHEME

QUESTION ONE

a) Reasons why entrepreneurs fail to practice intrapreneurship in organizations. (8marks)
   i) Lack of enough market for the products/services
   ii) Not having enough money to practice it
   iii) Lack of the right vision
   iv) Biting off more than you can chew
   v) Poor planning that cannot accommodate other programmes
   vi) Failure to involve the top management
   vii) Not involving communities of committed employees and other human resources
   viii) Failure to reward those performing well
   ix) Not recognising those doing well
   x) Fear of using money

b) Importance of corporate entrepreneurship in an enterprise
   i) Leads to more productivity
   ii) Boost morale of workforce who are given the space and opportunity to tackle new challenges and implement new ideas
   iii) Growth of the business
   iv) Innovation and financial returns
   v) Improves the performance of employees
   vi) More resources are readily available
   vii) Motivation goes up

c) Why one would prefer to buy an existing business as opposed to starting a new business. (10marks)
   i) Good enterprise image
   ii) Is equipped with the necessary facilities i.e., machines, equipment's and tools
   iii) Has qualified personnel's who understand the business well
   iv) Customers are readily available
   v) Good will
   vi) Management structures are already in place
   vii) Suppliers of the products/raw materials and other necessary requirements are available

QUESTION TWO

a) Explain the difference between an entrepreneur and a manager in small business enterprises (5marks)

Entrepreneur VS Manager	
Entrepreneur	**Manager**
Entrepreneur is visionary and bears all financial risks.	Manager works for salary and does not have to bear any risks
Focuses on starting and expanding the business ideas	Focus on daily smooth functioning of business

Key innovation for entrepreneur is achievements	Managers motivation comes from the power that comes with their position
Rewards for all the efforts is profit he earns from the enterprise	Remuneration is the salary he draws from the company
Entrepreneur can be informal and casual	Managers approach to every problem is very formal

b) Explain five importance of controlling in an organization (5marks)

i) Checks mistakes and tells us how new challenges can be met or faced
ii) Helps in accomplishing organizational goals
iii) Judging accuracy of standards
iv) Making efficient use of resources
v) Improving employee motivation
vi) Ensuring order and discipline
vii) Facilitating coordination in action

c) Explain five challenges of managing a small enterprise (5marks)

i) Lack of funds.
ii) Lack of enough time
iii) Trouble finding good employees
iv) Difficulties in balancing growth and quality
v) Ineffective technical skills
vi) Poor planning skills
vii) Lack of managerial skills
viii) Poor infrastructures
ix) Poor communication skills
x) Lack of knowledge

QUESTION THREE

a) Explain what you would do if your manager gave you negative feedback on the way you approached a problem. (8 marks)

i) Ask clarifying questions
ii) Know that negative feedback isn't a personal attack
iii) Ask for feedback often
iv) View the feedback from your critic's point of view
v) Determined whether the feedback is constructive or destructive

b) Discuss how to deal with angry customers who complain about your products/services. (7 marks)

i) Listen to the person who is angry
ii) Let your customers rest for a few minutes if necessary
iii) Show empathy for your customers concerns
iv) Thank your customers for complaining
v) Sincerely apologize even if you are not the cause of the problem
vi) Offer a solution

c Steps of transition from entrepreneurial management to professional management (5mks)

i) Inspiration and ideation
ii) Execution
iii) Scaling the business
iv) Reaching the top of the mountain

QUESTION FOUR

a) Discuss the key elements in managing succession in a family business (7marks)
   i) Identifying key positions for which a succession plan is necessary
   ii) Identifying the successor(s)
   iii) Identifying job requirements
   iv) Building competencies
   v) Assessing progress
   vi) Planning for succession process

b) Explain **five** requirements for successful corporate thinking re-engineering process (8marks)
   i) Agency/leadership
   ii) Inclusion of the right people
   iii) Clear understanding of the business needs
   iv) Crucial change management
   v) Ongoing continuous improvement

c) Methods that an entrepreneur could use to adapt to emerging issues in a business (5mks)
   i) Understand the scale of change
   ii) Be flexible to alternative ideas
   iii) Review the structure of your business
   iv) Embrace innovation

QUESTION FIVE

a) Explain **five** key emerging issues in the business world today (8marks)
   i) Remote working
   ii) The role of technology has grown in business
   iii) A permanent switch to cashless services
   iv) A bigger push to online services
   v) The Gig economy
   vi) Covid 19 and HIV/Aids
   vii) Globalization

b) Discuss five factors to consider before engaging into a business venture (7marks)
   i) The amount of capital at hand
   ii) Skills for carrying out the venture
   iii) Location for the business

iv) Availability of labour
v) Availability of raw materials
vi) Premises

c) Reasons why family businesses are doing better than most business in Kenya

i) Family members grows together, understanding their competitors
ii) There is stability since the leadership is determined by the position of each individual in the family
iii) Commitment
iv) Flexibility
v) Decreased cost
vi) Long term outlook