



DENT0214: MANAGING IN SMALL BUSINESS ENTERPRISE

DAY CLASS ROYSAMBU

(DIPLOMA)

Instructions

- i) This exam paper contains SIX questions containing 10 marks each.**
 - ii) Answer Question 1 (COMPULSORY) and any other THREE questions**
 - iii) Read each question carefully before attempting.**
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QUESTION 1

Read the Case Study and answer the questions that follow

XYZ power Ltd . set up a factory for manufacturing solar lanterns in a remote village as there was no reliable supply of electricity in rural areas. The revenue earned by the company was sufficient to cover the costs and the risks .the demand of lanterns was increasing day by day ,so the company decided to increase production to generate higher sales . For this they decided to employ people from the nearby village as very few job opportunities were available in that area. The company also decided to open schools and for the children of its employees.

- a) Identity and explain the objectives of management discussed above. **(4 Marks).**
- b) State and explain **two** values which the company wanted to communicate to the society . **(6 Marks).**

QUESTION 2

- a. As an established business entrepreneur in Nairobi and a manager for your employees . Outline **five** functions you are obliged to undertake in your day-to-day management of the business **(5 marks)**.
- b. Most small businesses are owned by individuals most of whom have employed their close relatives to manage the businesses on their behalf. Explain **Five** benefits of owning a small business. **(5 marks)**

QUESTION 3

Every business has a social responsibility to contribute to the development of the society in which they operate. Discuss **Five** benefits a business can accrue owing to this initiative. **(10 marks)**

QUESTION 4

SWOT analysis is used in small business development to create awareness on the dynamics of business operations and to identify a good business idea. Briefly explain *SWOT* analysis under the following headings.

- a. Application inside the business. **(4 marks)**
- b. Application outside the business **(4 marks)**
- c. State **two** advantages of *SWOT* analysis to a small business. **(2 marks)**

QUESTION 5

- a) While a small business owner may enjoy profit 100%, this may also come up with several bottlenecks along the way. Discuss drawbacks of owning a small business. **(5 marks)**
- b) Explain **five** factors to consider before starting a small business enterprise. **(5 marks)**

QUESTION 6

Explain the sources of business finance under the following headings;

- a) Explain **three** Internal sources of business finance. **(6 marks)**.
- b) Identify **four** factors affecting pricing in small business. **(4 marks)**.