

LAIKIPIA



UNIVERSITY

UNIVERSITY EXAMINATIONS

1ST SEMESTER 2023/2024 ACADEMIC YEAR

FOURTH YEAR EXAMINATION FOR THE DEGREE
OF BACHELOR OF SCIENCE IN COMMUNITY
DEVELOPMENT

**CDEV 415: MANAGEMENT OF MICRO AND SMALL
BUSINESS**

STREAM:

TIME: 2 HRS

DAY: WEDNESDAY [14.30-16.30 P.M] DATE: 06/12/2023

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

PLEASE DO NOT OPEN UNTIL THE INVIGILATOR SAYS SO.



Instructions: Answer question one (Compulsory) and any other two questions.

QUESTION ONE.

- a) Explain the meaning of the following terms as used in
- i) Enterprise (2marks)
 - ii) Micro-enterprise (2marks)
 - iii) Creativity (2marks)
 - iv) Innovation (2marks)
 - v) Franchise (2marks)
- b) Cooperatives play a key role in supporting micro and small business in Kenya,
Discuss five key features common in cooperatives. (10 marks)
- c) What is a partnership agreement? What should it include? (10 marks)

QUESTION TWO.

- a) Evaluate “unlimited liability” as a disadvantage of a sole proprietorship form of business ownership. (5 marks)
- b) Why do established firms have less trouble in securing credit from financial institutions than newly planned firms. (5marks)
- c) “Failing to plan is planning to fail” Explain the key components of a business plan (10 marks)

QUESTION THREE.

- a) Growth and development of SME’s in Kenya is faced by many challenges
- i) Explain three main challenges facing SME’s in Kenya. (6 marks)
 - ii) Discuss ways of addressing these challenges. (6marks)
- b) You have been invited in the vetting board for the award of the entrepreneur of the year in Laikipia County. Explain four key qualities of an entrepreneur that you will be looking for. (8 marks)

QUESTION FOUR.

- a) Partnerships is one of the forms of business ownerships common with SME’s. Discuss the advantages and disadvantages of partnerships as a form of business ownership. (10 marks)
- b) Discuss the importance of marketing in SMEs as an important component in business management. (10 marks)



QUESTION FIVE.

- a) Briefly explain the difference between the following terms as used in business management.
- i) Limited liability and unlimited liability **(2marks)**
 - ii) Marketing plan and business plan **(2marks)**
 - iii) Real partners and nominal partners **(2marks)**
 - iv) Business idea and business opportunity **(2marks)**
 - v) Partnerships and limited companies **(2marks)**
- b) Discuss the ethical issues relevant to the management and operations of SMEs in Kenya **(10 marks)**

