

UNIVERSITY OF E-SWATINI

FACULTY OF EDUCATION

DIPLOMA IN ADULT EDUCATION III

FINAL EXAMINATION, NOV/DEC., 2018

COURSE CODE: AED307

**PAPER TITLE: INTRODUCTION TO SMALL-SCALE BUSINESS
MANAGEMENT**

WEIGHT: 100 MARKS

TIME ALLOWED: THREE (3) HOURS

**INSTRUCTIONS: ANSWER ALL QUESTIONS IN SECTION A AND THREE (3)
QUESTIONS IN SECTION B**

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TO DO SO**

Section A

For the questions below (1 – 15), choose the letter that best corresponds with your response

1. An entrepreneur is someone who assumes the main risks of a new business by committing which of the following?
A. Equity B. time C. career D. all of the above options
2. Jose and Carlos pass out flyers to advertise their lawn-mowing business. By advertising, they are hoping to increase the _____ for their mowing services.
A. Supply B. demand C. capital costs D. revenue
3. The period when an entrepreneur must position the venture in a market and make necessary adjustments to guarantee survival is called the
A. Pre-start-up stage B. start-up stage
C. Early growth stage D. later growth stage.
4. A facility which offers subsidised space and business advice to companies in their earliest stages of operation is called a(n)
A. Small business administration centre B. franchise.
C. Small business development centre. D. incubator.
5. Which of the following is a reason a person might prefer to buy a 'going concern' rather than start a completely new business?
A. Higher failure rate B. increased independence
C. Ability to benefit from previous experience D. reduced royalty fees
6. Which of the following is not a common motivation of an entrepreneur?
A. Desire for independence B. search for personal & professional growth
C. Desire to maintain the *status quo* D. search for more rewarding work
7. A pre-packaged business bought, rented, or leased from a company is called a(n) _____.
A. Incubator B. imitative firm C. franchise D. novelty
8. A person within a firm who takes a leadership role and is positioned to help make sure there is success of an idea or innovation is often referred to as a
A. Supporter B. champion C. leader D. evangelist E. none of these
9. Which of the following is the purpose of a business plan?
A. To attract financing / funding B. to inform competitors of plans
C. To discipline the entrepreneur to think of all aspects of the proposed venture.
D. Options (A) and (C) only E. none of these options
10. Either: (a) Who said the job of the entrepreneur is 'creative destruction'?
A. Peter F. Drucker B. Pierre Trudeau C. Joseph A. Schumpeter D. Brian Mulroney
Or: (b) Which one of the following is the most important characteristic of a successful business web-site?

a) Innovation

b) Speed

c) Graphics

d) Products

- 11 In which of the following situations is the firm considered to be on a break-even point?
- A. Profits are higher than expenses B. expenses are higher than profits
C. No profit, no loss D. none of the given options
12. Which one is the most important leadership quality among managers and employees in a business organisation?
- A. Entrepreneurship B. communication C. motivation D. staffing
- 13 Which of the following might be termed a disadvantage faced by the small business?
- A. Greater flexibility B. greater ability to serve specialised markets
C. Extreme personal commitment of the owner D. more personal service
14. Having more than 50 per cent ownership position that provides the entrepreneur with managerial control is called
- A. Joint venture B. majority interest C. horizontal merger D. diversified activity merger
15. Individuals influencing an entrepreneur's career choice and style are known as which of the following?
- A. Support system B. Moral support network
C. Role models D. Professional support network

Completion: Fill in the blanks

16. Of all business assets that a small firm owns, is the most permanent
17. An entrepreneur's primary motivation for starting a business is
18. The process of creating something new is called
19. ----- give suggestions for new products and also help to market new products

Calculation:

21. Pretty has a cookie business. The table below shows the sales revenues and the explicit costs of her cookie business – wages, ingredients, and rent. What is Pretty's gross income/profit? What is Pretty's net income/profit? Show all your working

Sales / revenue	E180
Warehouse wages	E60
Cost of cookie ingredients	E45
Rent	E15

[20 x 2 = 40 marks]

Section B

Question 1

Identify and discuss two (2) internal sources and two (2) external sources of financing a business idea and/or strategy [4 x 5 = 20 marks]

Question 2

In what four (4) ways do small-scale businesses contribute to the country's economy? Give suitable examples to support your answer [4 x 5 = 20 marks]

Question 3

Why is a SWOT analysis necessary for small-scale business undertakings? Explain, providing suitable examples from your organisation, or an organisation with which you are familiar [4 x 5 = 20 marks]

Question 4

Identify and explain two (2) challenges facing small-scale business in this country. How might these be overcome? [4 x 5 = 20 marks]

End of Question Paper