

FACULTY OF EDUCATION

DIPLOMA IN ADULT EDUCATION III

FINAL EXAMINATION, 28 APRIL 2021

COURSE CODE: AED307

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

WEIGHT: 100 MARKS

TIME ALLOWED: THREE (3) HOURS

**INSTRUCTIONS: 1. ANSWER ALL QUESTIONS IN SECTION A AND
THREE (3) QUESTIONS IN SECTION B, FOUR (4)
QUESTONS ALTOGETHER**

**2. WRITE YOUR ANSWERS ON THE ANSWER
BOOKLET PROVIDED**

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PERMISSION TO DO SO**

Section A (Compulsory)

For the questions below (1 – 20), choose the letter that best corresponds with your response

1. In real life, entrepreneurs are those that...
 - a) Exploit their vulnerable workers
 - b) Generate business success
 - c) Generate business success through hard & long working hours
 - d) Exploit their workers and generate business success

2. The definition of entrepreneurship holds the promise of
 - a) Financial difficulties and hardship
 - b) Limited expansion (or growth)
 - c) Growth, unlimited expansion & long-term financial gain
 - d) Growth, expansion and long-term financial reward

3. The terms *entrepreneur* and *owner-manager* are used interchangeably and describe a person that...
 - a) Manages a small business
 - b) Starts up a small business
 - c) Starts up & manages a small business
 - d) All the above statements are incorrect

4. A micro entrepreneur is....
 - a) A formal-sector entrepreneur with zero to 10 employees
 - b) A formal-sector entrepreneur with one (1) to 10 employees
 - c) A formal-sector entrepreneur with zero to 15 employees
 - d) A formal-sector entrepreneur with one (1) to 15 employees

5. The most important reason, among others, people start their [own] business is to....
 - a) Survive financially
 - b) Serve their community
 - c) Live their entrepreneurial destiny
 - d) To sell their innovative products

6. The _____ of the business plan briefly sets out the business plan, indicating the main objectives and describing the products and/or services, market strategy and some financial projections
 - a) Cover sheet
 - b) Executive summary
 - c) Brief history
 - d) Appendices

7. Business plans:

- a) Predict the future.
 - b) Guarantee funding.
 - c) Cannot predict the future
 - d) Can raise all the money required.
8. Good executive summaries:
- a) Cannot sell ideas
 - b) Can market ideas
 - c) Can guarantee funding
 - d) All of the above options
9. Either: (a) To manage a new venture effectively, the entrepreneur has to develop and perform certain managerial tasks. Which one of the following is not a managerial task?
- a) Delegating
 - b) Control
 - c) Decision-making
 - d) Leading
 - e) Organising
- Or: (b) _____ is the most important function since it occurs at all stages and levels of the business and is also part and parcel of all the other tasks performed in the business.
- a) Decision-making
 - b) Planning
 - c) Control
 - d) Leading
 - e) Organising
10. There are no specific requirements for the _____ of a partnership.
- a) Taxation
 - b) Registration
 - c) Payment of levies
 - d) Unemployment insurance
11. The first stage in the life-cycle of a business is:
- a) Start-up
 - b) Seed or concept
 - c) Product & organisational development
 - d) Maturity
12. An individual who starts, creates and manages a new business can be called _____.
- A. A leader
 - B. A manager
 - C. A professional
 - D. An entrepreneur
13. Why are small businesses important to a country's economy?
- A. They give a path-way for entrepreneurs.

- B. They can provide specialist support to larger companies.
 C. They can be innovators of new products.
 D. All the above options.
14. A business arrangement where one party allows another party to use a business name and sell its products or services is known as _____.
- A. A co-operative.
 B. A franchise.
 C. An owner-manager business.
 D. A limited liability company.
15. A new venture's business plan is important because _____.
- A. It helps to persuade others to commit funding to the venture.
 B. Can help demonstrate the viability of the venture.
 C. Provides a guide for business activities by defining objectives
 D. All the above options.
16. Innovation can best be defined as _____.
- A. the generation of new ideas.
 B. the evolution of new ideas.
 C. the opposite of 'creativity'.
 D. the successful exploitation of new ideas.
17. _____ is the analysis of costs and benefits of a proposed project with the aim of assuming a rational allocation of limited funds.
- A. Project formulation.
 B. Project evaluation.
 C. Project appraisal.
 D. Project design.
18. Seed capital assistance refers to _____.
- A. a long-term assistance.
 B. initial assistance
 C. a help for the purchase of seeds.
 D. a short-term assistance.
19. Business risks can be _____.
- A. avoided.
 B. reduced.
 C. ignored.
 D. erased.
20. Today, many firms are using managerial techniques that are designed to encourage _____.
- A. increasing profits
 B. legal compliances
 C. ethical behaviour
 D. shareholders' value

[20 x 2 = 40 marks]

Section B

Question 2

Small and medium enterprises (SMEs) are said to be the backbone of economic development in a country. Despite that, many owners of SMEs find it difficult to sustain these ventures.

Explain two (2) challenges facing SMEs in improving economic development and how these might be overcome [4 x 5 = 20 marks]

Question 3

Explain four (4) components of a business plan [4 x 5 = 20 marks]

Question 4

Identify and discuss four (4) criteria for categorising businesses into micro, small, and medium-sized enterprises (MSMEs) [4 x 5 = 20 marks]

Question 5

Differentiate between two (2) forms of business ownership in this country [2 x 10 = 20 marks]

End of Question Paper