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CHUKA



UNIVERSITY

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UNIVERSITY EXAMINATIONS

THARAKA CAMPUS

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

CDEV 451: MANAGEMENT OF MICRO AND SMALL BUSINESS

STREAMS: COM DEV Y4S1 SB

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 5/12/2018

11.30 A.M - 1.30 P.M.

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INSTRUCTIONS:

- Answer ALL Questions in Section A and any TWO Questions in Section B
- Do not write anything on the question paper

QUESTION ONE

1. *Immaculate likes decorating so much that she has been decorating her church members and friends' houses for so long that she has managed to pay her college tuition from the money they pay her. To meet the increasing demand for her services, she even imports fabrics and other materials from China and one of her friends had advised her that she can gain from E-Commerce. Recently Upholsteries Ltd approached her with a business proposition to be selling their fabrics under a franchise agreement. Immaculate is surprised because she believes that her venture is just a hobby not a business. She does not understand what franchising is and does not know whether to accept or reject the proposition by Upholsteries Ltd.*

- (a) Justify to Immaculate why her venture is a business. [5 Marks]
- (b) Explain to Immaculate what franchising is, showing the pros and cons that she will encounter if she accept the proposition. [5 Marks]
- (c) How can Immaculate's venture benefit from the aids to trade? [5 Marks]
- (d) Justify the need for developing and supporting micro enterprises and small businesses in the Kenyan economy. [5 Marks]

**CDEV 451**

- (e) Peter is considering starting a small business in his local community after retirement. Advice Peter on how he could identify new bossiness opportunity. [5 Marks]
- (f) As a business manager, Immaculate needs to ensure her business is socially responsible. Discuss corporate social responsibility of a small business. [10 Marks]

**QUESTION TWO**

- (a) Marketing plays a key role in the micro and small enterprises success. Explain the role of marketing in the success of these enterprises. [10 Marks]
- (b) Evaluation of a new business idea is key in helping minimize high failure rate among many small business startups. Discuss five criteria that can be used for evaluation. [10 Marks]

**QUESTION THREE**

- (a) Identify and explain possible sources of start-up finance for micro and small enterprises. [10 Marks]
- (b) Business planning is an important activity undertaken after identification and evaluation of a business opportunity. Explain business plan functions and benefits. [10 Marks]

**QUESTION FOUR**

- (a) Business operates within an environment and must interact with the government to survive. Explain the elements that make up the external environment giving practical examples of how they affect businesses from the Kenyan scenario. [10 Marks]
  - (b) Discuss causes of micro and small business failure and suggest ways of minimizing failure. [10 Marks]
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