

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS
MANAGEMENT**

DIBM 0215: SMALL BUSINESS MANAGEMENT

STREAMS: DIP Y2S1

TIME: 2 HOURS

DAY/DATE: MONDAY 9/04/2018

11.30 A.M - 1.30 P.M.

INSTRUCTIONS:

- **Answer Question ONE and any other TWO**

QUESTION ONE

- (a) Briefly, discuss the factors to consider when buying an existing business. [10 Marks]
- (b) Clearly explain the importance of franchising to a franchiser. [5 Marks]
- (c) A business entity needs to consider certain factors when assessing the various sources of finance. Explain the factors that the business should consider. [5 Marks]
- (d) Discuss the challenges small business face in Kenya. [10 Marks]

QUESTION TWO

- (a) Discuss four possible sources of business ideas that an entrepreneur can use. [8 Marks]
- (b) State and explain the important components of a business plan. [12 Marks]

QUESTION THREE

- (a) Clearly explain the criteria of evaluating a business idea. [5 Marks]
- (b) Explain the benefits that an entrepreneur enjoys by starting a business from scratch rather than acquiring an already existing business. [5 Marks]
- (c) Describe the creativity process clearly showing the steps involved. [10 Marks]

QUESTION FOUR

(a) Explain the differences between self-employment and salaried employment. [6 Marks]

(b) Advice Mwangi on the possible ways he can identify and recognize business opportunities. [4 Marks]

(c) Samba wants to start a stationery business in Chuka town. Explain to him the environmental factors he should consider before setting up the business. [10 Marks]

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