



(University of Choice)

# MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

SUPPLEMENTARY EXAMINATIONS

FOR DIPLOMA  
IN  
BUSINESS ADMINISTRATION

COURSE CODE: DBA 109

COURSE TITLE: ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

DATE: WEDNESDAY, 3<sup>RD</sup> AUGUST 2022 TIME: 11:00 – 1:00PM

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## INSTRUCTIONS TO CANDIDATES

1. ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS
2. DO NOT WRITE ANYTHING ON THE QUESTION PAPER

TIME: 2 HOURS

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

## QUESTION ONE

As your small business continues to grow and your positive credit history builds, you will be able to apply for larger loans and more expansive lines of credit. But as you do so, remember that your creditworthiness and your capacity to repay is only one of several important factors that a lender will examine before extending an offer of cash or credit.

- a) Discuss other factors apart from credit worthiness and capacity to pay for the lender to extend to you an offer of cash or credit (12 marks)
- b) Every supply chain is vulnerable to disruption, which can be related to anything from vendor instability to weather. Explain threats beyond your control that can disrupt your business activities (10 marks)
- c) Explain the various types of operational decisions in growing businesses (8 marks)

## QUESTION TWO

- a) Running an organization is no easy task. Being aware of common downfalls in business can help you proactively avoid them. With that understanding of the need for awareness of common downfalls in business, explain the necessary conditions for entrepreneurial success (10marks)
- b) One of the first concerns of any business owner should be toward establishing a business that appeals to the local demographics. Discuss top factors to consider when choosing a business location (10 marks)

## QUESTION THREE

- a) Critically examine why successful businesses fail even though the owners try very much to understand the competitive market space (12 marks)
- b) The case for implementing an inventory management software is hard to refute. Discuss best practices for Small Business Inventory Management (8 marks)

## QUESTION FOUR

- a) It is better to be well informed about entrepreneurship characteristics before entering the world of entrepreneurships and start-ups. Discuss entrepreneurship characteristics that a young graduate of entrepreneurship should know before starting a small business enterprise (12 marks)
- b) Taking out a loan to expand your business might feel like a difficult task when you consider the amount of paperwork involved and the strict criteria you have to meet for the loan to be

approved. Discuss things you can do for the application process to be more manageable before applying for a small-business loan (8 marks)

#### QUESTION FIVE

- a) Once you've decided on a certain franchise through your preliminary research, you need to find out if this opportunity is as good as it sounds. Explain how information needed to analyze a franchise can be acquired (10 marks)
  
- b) Research has shown that the location of a business is one of its most important factors for success. Discuss business location advantages (10 marks)

