

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
FOURTH YEAR/ FIRST SEMESTER EXAMINATION IN BUSINESS ADMINISTRATION
COMMERCE/ ECONOMICS (PROPER/ REPEAT)
2003/ 2004 (NOV./ DEC. 2004)
COM 4044 SMALL BUSINESS MANAGEMENT & ENTREPRENEURSHIP

Answer all Questions.

Time : 03 Hours

01. Robin's Barbecue

Robin has worked as a salesperson for a large meat products manufacturer for the past six years. Lately, he has become increasingly dissatisfied with his job, his boss, and the company. Assessing his sales position, Robin has reached the following conclusions.

1. He dislikes his boss.
2. While he has the best sales record in the company and feels that he works harder than any other salesperson in the company, he is not progressing as rapidly as he thinks he should.
3. He has suggested several changes and promotional ideas that have produced substantial profits for the company. The only recognition he has received is a formal letter from the managing director, and his name was misspelled in the letter.
4. He perceives a sales position as having little status.
5. He believes his work is no longer challenging.
6. On the positive side, he enjoys contact with customers, and they seem to like him.

Robin and his wife entertain friends, often with barbecue cookouts. Robin has also been instrumental in organizing several barbecue dinners to raise funds for the two civic organizations of which he is a member. Everyone compliments Robin and tells him that he cooks the best barbecue they have ever tasted. Many tell him he should go into the restaurant business. Robin has started to take these suggestions to heart. He is considering establishing a Western-type barbecue restaurant in his town having a population of 50,000.

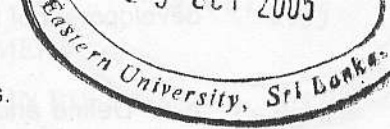
Robin has found what he considers a good location for rent. It would require very little renovation to adapt it to a Western atmosphere for the barbecue restaurant. A restaurant supply distributor with whom Robin has talked told him the price of the equipment needed for the restaurant. Robin has adequate savings to cover the cost of the equipment and renovation and still have money to cover operating costs and living expenses.

However, Robin has no experience in small business and is hesitant to invest the major share of his life savings, even though he really would like to quit his current sales job. His wife has reacted favourably to the idea of the restaurant and even volunteered to assist Robin in operating the business.

Questions:

1. Do you believe that Robin has the personality characteristics that contribute to the success of individuals in business? Describe. (06 marks)
2. Do you feel that Robin would be satisfied in operating a small business? (04 marks)
3. What are some of the positive factors that would seem to indicate that Robin could be successful as a small business owner? (05 marks)
4. What are some of the negative factors of Robin's opening his own business? How could he overcome them? (06 marks)
5. Would you suggest Robin to go into small business for himself as the owner-manager of a barbecue restaurant? Justify your suggestions. (04 marks)

(Total 25 marks)



02. i. List out the main stages in the life cycle of a small business.
- ii. What are the aspects to be emphasized in judging the scope of small business in Sri Lanka?
- iii. What factors should be considered by an entrepreneur in selecting the location for a new manufacturing firm?
- iv. Discuss the reasons for the failure of most of the small business in the first few years of their establishment?
- v. Differentiate between "Publicity" and "Advertising" relating to small businesses.
- vi. Identify the major sources of financing available for small businesses in Sri Lanka?
- vii. Why would an entrepreneur prefer to launch an entirely new businesses rather than buying an existing business?
- viii. What are the strategies a small business could use in fixing the price of a new product?
- ix. Highlight the differences between an entrepreneur and a small businessman.
- x. Exhibit the differences between entrepreneurial venture and a small business venture.
- xi. What are the risks faced by an entrepreneur when operating a small business firm?
- xii. What are the basic ways to cope with risk in a small business?
- xiii. Most of the entrepreneurs prefer to start a retailing business rather than a manufacturing firm, why?
- xiv. What are the various precautionary measures to be taken by the small firms to minimise "Shoplifting" risk?
- xv. What factors should a small business manager consider when selecting an advertising media?

(15 x 03 = 45 marks)

03. "Micro, small and medium scale businesses are important sectors in the economic development of the country".

a. Define and differentiate the terms micro, small and medium scale businesses, in the Sri Lankan context.

(05 marks)

b. Explain why micro, small and medium scale businesses are important to the economic development of a country.

(05 marks)

c. Outline the causes of business failures in micro, small and medium scale firms.

(05 marks)

(Total 15 marks)

04. "The entrepreneur is just like a small business owner but he/ she has some additional qualities and extra characteristics than a small business owner"

a. Highlight the differences between an entrepreneur and a small business owner.

(05 marks)

b. What types of Personal Entrepreneurial Competencies (PECs) are important to entrepreneurial success?

(05 marks)

c. What is shown by the studies of David McClelland regarding an entrepreneur's need for achievement?

(05 marks)

(Total 15 marks)