**QUESTIONS**

**TOPIC 1**

**ENTREPRENEURSHIP AND SELF EMPLOYMENT**

**QUESTION 1**

1. With reference to downward communication, summarise four requirements of an effective order.

***December 2014 Question Seven A***

**QUESTION 2**

(c) Describe five types of angel investors.

***December 2014 Question Four C***

**QUESTION 3**

1. Explain five ways in which entrepreneurs facilitate economic development in your country.

***December 2014 Question Four A***

**QUESTION 4**

(c) Discuss the following entrepreneurial schools of thought:

1. The environmental school of thought.
2. The capital/financial school of thought.
3. The displacement school of thought.

***December 2014 Question One C***

**QUESTION 5**

(a) Analyze five drivers of innovation.

***May 2014 Question Two A***

**QUESTION 6**

(b) Entrepreneurs are faced with challenges of cultural diversity in their businesses.

Discuss four ways that could be used to overcome challenges of cultural diversity in businesses.

***June 2013 Question Three B***

**QUESTION 7**

1. Explain five myths on entrepreneurship.

***June 2013 Question One A***

**QUESTION 8**

1. Discuss five roles of entrepreneurship in economic development

***December 2012 Question Two C***

**QUESTION 9**

1. Explain ten warning signs that would indicate the possibility of an entrepreneur becoming bankrupt.
2. Illustrate five strategies that an entrepreneur could adopt in order to survive bankruptcy.

***May 2011 Question Three***

**QUESTION 10**

a) Explain the meaning of the term "entrepreneur".

b) Outline six sources of finance for a new business venture.

c) Identify six challenges faced by entrepreneurs.

***November 2010 Question One***

**QUESTION 11**

1. Citing relevant examples, highlight four business opportunities that entrepreneurs could exploit arising from the 2010 FIFA World Cup to be held in South Africa.

***May 2010 Question One A***

**When all around my soul gives way, He then is my hope and stay.**

**Edward Mote**

**TOPIC 2**

**ENTREPRENEURAL OPPORTUNITIES**

**QUESTION 1**

1. (i) Distinguish between the terms "business incubators" and "small business development centres (SBDCs)".

(ii) Describe the three phase process which entrepreneurs go through in a business incubator.

***December 2014 Question Two A***

**QUESTION 2**

(a) Explain the term "corridor principle" in the context of entrepreneurial opportunities.

***May 2014 Question Four A***

**QUESTION 3**

1. Outline seven rules of business networking

***May 2014 Question One B***

**QUESTION 4**

(a) (i) Distinguish between "utility patents" and "design patents".

(ii) Discuss four strategies that an entrepreneur might use to minimise patent risks.

***June 2013 Question Three A***

**QUESTION 5**

b) Outline four limitations of focus group discussions

***December 2012 Question One B***

**QUESTION 6**

1. **In relation to entrepreneurship, explain the following terms:**
2. **Window of opportunity**
3. **Forced associations**
4. **Civic entrepreneurship**
5. **Suggest eight ways of creating an environment suitable for the nourishing of creativity in an enterprise**
6. **The following equation could be used in the analysis of the global entrepreneurship.**

**GE = C1 + PL + E + DC + C2 + C3**

**Where:**

**GE = Global entrepreneurship.   
C, = Culture.**

**PL = Political and legal environment.   
E = Economy.**

**Dc = Distribution channels.   
C2 = Change.**

**C3 = Communication.**

**Required:**

**Match each factor listed below to its corresponding parameter.**

1. **Property rights.**
2. **Bribes and corruption.**
3. **Emergence of new customer lifestyles.**
4. **Solicitation of suggestions.**
5. **Product safety and liability.**
6. **Geographical size and density.**

***May 2012 Question One***

**QUESTION 7**

* + 1. Explain the term "nascent entrepreneur".
    2. Highlight six features of a good business name.
    3. Citing relevant examples, describe six types of business incubators who nurture young entrepreneurs.

***November 2011 Question One***

**QUESTION 8**

a) Entrepreneurial success depends on opportunity recognition.

Outline six ways which an entrepreneur can use to identify a business opportunity.

b) Discuss four factors that are critical in the success of a partnership in entrepreneurship.

***November 2010 Question Three***

**QUESTION 9**

a) Argue the case for and against the following business succession strategies

i) Early entry strategy

ii) Delayed entry strategy

b) Describe six factors to consider when developing an effective business succession strategy

***May 2010 Question Four***

**QUESTION 10**

a) Describe the registration process followed by an entrepreneur in order to be granted patent rights over a business idea or product.

b) Explain the essential guidelines for successful networking in business.

***May 2010 Question Two***

**TOPIC 3**

**ENTERPRISE DEVELOPMENT**

**QUESTION 1**

1. Summarise five challenges encountered by entrepreneurs during the transition from an idea to production of a new product.

***December 2014 Question Four B***

**QUESTION 2**

1. Examine five dimensions of quality for a product.

***December 2014 Question Two B***

**QUESTION 3**

(a) Discuss five ways in which microeconomic policies could facilitate the growth of business ventures in your country.

***May 2014 Question four B***

**QUESTION 4**

1. With reference to the phases of the business growth life cycle, suggest one reason under each phase that could lead an entrepreneur to borrow money from a financial institution.

***May 2014 Question one A***

**QUESTION 5**

b) Examine five stages that are involved in the pre-start-up phase of a new business venture.

***June 2013 Question One B***

**QUESTION 6**

1. Outline four reasons why government levy custom duty
2. Explain six features of a good financial plan
3. It is often said that 50% of privately owned business fail in the first year and 95% within the first five years

Using an appropriate diagram describe “business life cycle”

***December 2012 Question Three***

**QUESTION 7**

**(a) (i) Outline four limitations of the use of social media networks in an enterprise.**

**(ii) Highlight six measures that should be put in place in order to make on-line business networking more beneficial to an enterprise.**

**(b) Suggest five strategies which could be adopted by a local enterprise to become a multinational company**

***May 2012 Question Three***

**QUESTION 8**

* + 1. In the recent past, the prices of basic commodities have been on an upward trend partly due to the global recession and social unrests in some oil producing Middle East countries. In relation to the above statement, identify four negative effects of the uncontrollable upward trend in prices of go and services on entrepreneurship.
    2. Outline four reasons why it is important for an entrepreneur to have a good organization structure in the enterprise.
    3. A business venture starts with an initial idea.

With the help of a suitable diagram, illustrate the Churchill and Lewis model of business growth.

***November 2011 Question Three***

**QUESTION 9**

1. Analyse the limitations associated with a franchise arrangement.
2. In the context of business expansion, describe the factors that an entrepreneur should consider before making a business acquisition.

***May 2011 Question Two***

**QUESTION 10**

b) Highlight five behavior’s exhibited by employees which indicate the need for team building work.

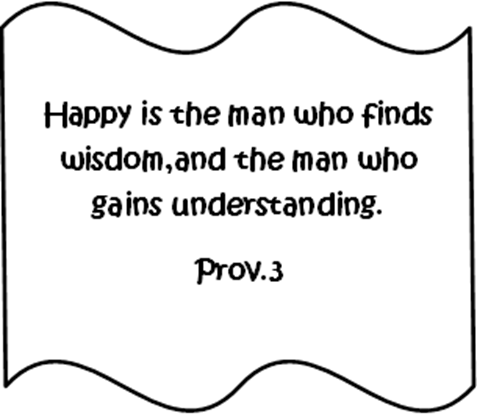
***November 2010 Question Two B***

**QUESTION 11**

b) Outline seven measures that an entrepreneur could put in place to minimize bad debts arising from dishonored Cheques issued by debtors.

c) Highlight seven market entry strategies available to an entrepreneur at the start-up stage of the business cycle.

***May 2010 Question three A and C***

****

**TOPIC 4**

**ENTREPRENEURIAL AWARENESS AND MOTIVATION**

**QUESTION 1**

1. (i) In relation to business combinations, distinguish between "backward integration" and "forward integration".

(ii) Describe six benefits of backward integration to an enterprise.

1. Explain five methods of procuring goods and services.

***December 2014 Question Three***

**QUESTION 2**

1. Suggest SIX reasons why an entrepreneur could prefer a written business contract over an oral contract.

***December 2014 Question One B***

**QUESTION 3**

(a) Explain the McClelland's achievement motivation theory of entrepreneurship.

***May 2014 Question three A***

**QUESTION 4**

(b) Examine five sources of franchise related revenue to a franchisor.

***May 2014 Question two B***

**QUESTION 5**

b) Explain four internal and four external factors which motivate individuals to develop entrepreneurial behaviour.

***June 2013 Question Four B***

**QUESTION 6**

c) Discuss five factors that an entrepreneur should put into consideration before deciding on the form of business ownership.

***December 2012 Question Four C***

**QUESTION 7**

1. Summarise four sources of internal capital

***December 2012 Question Four A***

**QUESTION 8**

1. Highlight five non-financial incentives that entrepreneurs could use to motivate employees in an enterprise

***December 2012 Question Two A***

**QUESTION 9**

1. **Summarize five roles that an entrepreneur could play as an innovator in an enterprise.**
2. **In relation to the sale of shares, highlight five factors that an entrepreneur would consider before going public.**
3. **Explain the patent process**

***May 2012 Question Two***

**QUESTION 10**

1. Summarize five benefits that could accrue to an entrepreneur from business amalgamation.
2. Suggest five measures that an entrepreneur could take in order to improve cash flow in an enterprise.
3. Describe five legal requirements which entrepreneurs need to fulfill in order to continue being in business.

***November 2011 Question Four***

**QUESTION 11**

a)(i) Explain the term "global marketing".

(ii) Highlight six common mistakes that entrepreneurs make in global marketing.

b) Many organizations today have realized the need for promotion of corporate entrepreneurship.

In relation to the above statement, argue the case in support of corporate entrepreneurship.

***November 2011 Question Two***

**QUESTION 12**

b) Describe the procedure of registering a private company.

***May 2011 Question One B***

**QUESTION 13**

b) Distinguish between an acquisition and a merger.

c) Briefly explain three methods of financing a takeover.

***May 2010 Question One B and C***

**Behold, I am coming as a thief. Blessed is he who watches, and keeps his garments, lest he walk naked and see his shame.**

**Christ.**

**TOPIC 5**

**BUSINESS PLAN DEVELOPMENT**

**QUESTION 1**

1. Outline four benefits of a business plan to an entrepreneur.

***December 2014 Question One A***

**QUESTION 2**

1. Explain four benefits of a good organization structure to an entrepreneur.

***May 2014 Question four C***

**QUESTION 3**

Wanachi Bicycles Limited specialises in designing and building customized bicycles to meet the specific needs of mountain bike racing professionals.

The company has earned a reputation of designing the best mountain bikes in the world because of its founder and master designer, Hassan wa Baiskeli, a great entrepreneur.

Since the company started in the year 2002 , 70% of all the greatest mountain bike races in the world have been won by cyclists using bicycles designed by Wananchi Bicycles Limited . Wananchi Bicycle Limited intensified its marketing activities from the year 2007. The marketing budget has since grown four folds.

To generate business ideas the company has cultivated a culture of involving all the employees through focus groups discussions. As more and more people gain interests in competitive cycling, the demand for custom built bicycles is expected to increase significantly going by the performance of Wananchi Bicycles Limited. During the year 2012 London Olympics games, mountain bike racing was one of the competitive sports. The sales for the custom built bicycles are expected to increase exponentially next year.

To meet the expected demand for custom built racing bicycle that can handle mountain riding as well as road racing, Wanachi Bicycles Limited is seeking for additional financing to enable the company add new work stations and hire additional designers. If this investment is made, marketing projections and written commitments from several mountain bike racing teams will result in increase in sales by 150% next year. This increase translates into sales revenue of Shs. 200,000,000. To achieve the target sales, the company plans to undertake extensive marketing activities.

**Required**

1. Using the above information and introducing any other relevant information, formulate a detailed marketing plan component for Wananchi Bicycles Limited business plan

***December 2012 Question One A***

**QUESTION 4**

1. **Summarize the application of Abraham Maslow's need theory to entrepreneurship development.**
2. **Discuss the contents of an operational plan for a manufacturing entity.**

***May 2012 Question Four***

**QUESTION 5**

a) Briefly describe the following effective distribution strategies:

1. Intensive distribution system.
2. Selective distribution system.
3. Exclusive distribution system.

b) Outline four strategies of setting the price of a product.

c) Explain the primary sources of marketing intelligence.

***May 2011 Question Four***

**QUESTION 6**

a) (i) Explain the importance of a business plan to an entrepreneur.

(ii) Formulate a sample business plan for a new venture.

***May 2011 Question One A***

**QUESTION 7**

b) Explain the importance of the statement of cash flows in the business plan of an entrepreneur.

***November 2010 Question Four B***

**QUESTION 8**

a) A project report is prepared by an expert after a detailed study and analysis of the different aspects of the project.

With reference to the above statement, summarize the importance of a project report to an entrepreneur.

***May 2010 Question Three A***

**Love endures long and is patient and kind; love never is envious nor boils over with jealousy.**

**Bible.**

**TOPIC 6**

**CURRENT ISSUES IN ENTREPRENEURSHIP**

**QUESTION 1**

(b) Entrepreneurs should adopt licensing as a strategy for penetrating foreign markets.

Citing four reasons, justify the above statement.

***May 2014 Question one B***

**QUESTION 2**

(a) (i) In relation to global entrepreneurship, define the term "gazelle".

***June 2013 Question Four A (i)***

**QUESTION 3**

(a) (i) Distinguish between "business networking" and "business outsourcing".

(ii) Outline six advantages of business outsourcing to an enterprise.

(b) An enterprise should be socially responsible.

Argue five cases in support of the above statement.

***June 2013 Question Two***

**QUESTION 4**

b) Pollution is a major environmental concern today. Suggest six measurements that a manufacturing entity could put in place to minimize pollution

***December 2012 Question Four B***

**QUESTION 5**

c) Highlight the measures that an entrepreneur could take to control environmental pollution.

***May 2011 Question One C***

**QUESTION 6**

a) Entrepreneurs are supposed to be socially responsible.

Briefly explain six areas in which entrepreneurs could exercise social responsibility.

***November 2010 Question Four A***

**TOPIC 7**

**EMERGING TRENDS IN ENTREPRENEURSHIP**

**QUESTION 1**

a) Explain the benefits of the grapevine channel of communication to a manager.

b) Summarize the techniques which you could use to create electronic rapport with your email correspondents.

***May 2011 Question Six***

**QUESTION 2**

a) Discuss six factors that an entrepreneur should put into consideration prior to commencing trading on the internet.

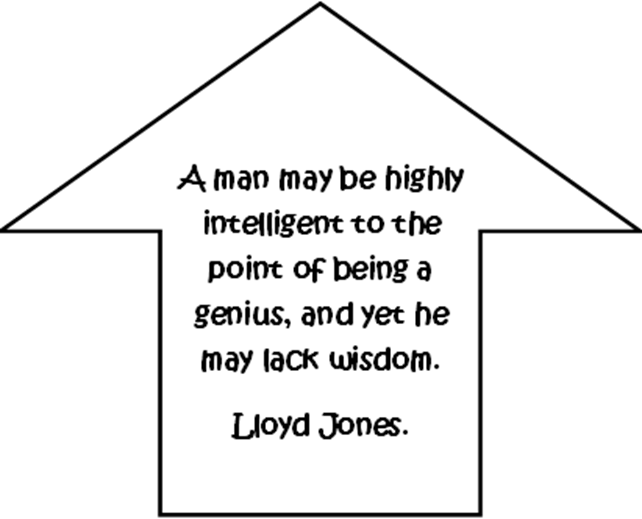
b) Highlight eight benefits of an organizational manual to an entrepreneur.

***November 2010 Question Seven***

**QUESTION 3**

**b) Briefly explain six benefits that would accrue to a business organization from outsourcing products and services**

***November 2009 Question Two B***

****

**TOPIC 8**

**NATURE OF BUSINESS COMMUNICATION**

**QUESTION 1**

(a) Describe five upward communication methods used by employees in an organisation.

(c) Discuss five factors which influence the type and form of communication method used in an organisation.

***December 2014 Question Five A and C***

**QUESTION 2**

(b) Discuss four limitations of face-to-face communication.

(c) Explain four reasons why horizontal communication could fail to achieve desired results in an organization.

***May 2014 question seven B and C***

**QUESTION 3**

(a) (i) Explain the term "communication plan".

(ii) Describe three elements of a communication plan.

(b) Identify four causes of communication redundancies.

***May 2014 Question six A and B***

**QUESTION 4**

(c) Examine four roles of external communication system in an organization.

***June 2013 Question Seven C***

**QUESTION 5**

(a) Poor communication is one of the contributing factors to low productivity in organisations.

Assess four communication problems which are likely to be encountered at the work place and recommend measures that could be employed to minimise the problems.

1. Outline four factors that might affect an audience's accurate reception of information.

***June 2013 Question Five A and B***

**QUESTION 6**

1. In relation to communication barriers, explain the following terms
2. Abstracting
3. Slanting
4. Built in resistance
5. Environmental stress
6. Distortion

***November 2012 Question Seven A***

**QUESTION 7**

c) Using an appropriate diagram, describe Berlo’s SMCR model of communication

***November 2012 Question Six C***

**QUESTION 8**

b) Highlight six methods of upward communication in an enterprise

***November 2012 Question Five B***

**QUESTION 9**

a) The modern enterprise draws employees from various cultural backgrounds.

In relation to the above statement:

* 1. Identify three factors that contribute to communication breakdown across cultures.
  2. Explain how the factors identified in (a) (i) above affect communication with employees across different cultures

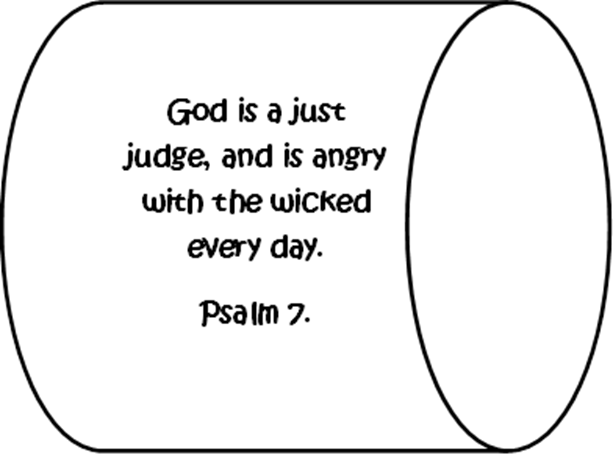
c) Describe six characteristics of effective feedback on employee performance in an enterprise.

***November 2011 Question Five A and C***

**QUESTION 10**

a) Analyse the causes of barriers to lateral communication.

***November 2010 Question Six A***

****

**TOPIC 9**

**WRITTEN COMMUNICATION**

**QUESTION 1**

1. Outline four benefits derived from using pre-printed forms in an organisation.

***December 2014 Question Six A***

**QUESTION 2**

(a) Enumerate four rules for construction of a questionnaire.

***May 2014 Question seven C***

**QUESTION 3**

1. Outline six issues that should be addressed under the terms of reference section of a formal report.
2. The Training Manager of B and B Ltd. has organized a workshop on performance management. The workshop will be held on Saturday, 7 June 2014 at Penaita Convention Centre.

As the Deputy Training Manager, you have been tasked with writing a memorandum to all members of staff informing them of the workshop, the venue and date.

Using the above information and any other relevant information, write a memorandum to be circulated to all members of staff.

***May 2014 Question Five B and C***

**QUESTION 4**

**(a) Describe five steps that an entrepreneur would take to improve notes taking.**

**(b) Highlight five rules of analyzing data from a questionnaire.**

***May 2012 Question Seven A and B***

**QUESTION 5**

**c) Highlight five functions of business letters in an enterprise.**

***May 2012 Question Five C***

**QUESTION 6**

**(a) (i) Distinguish between "an order" and "an instruction".**

**(ii) Identify four ways in which an order given by an effective entrepreneur to the**

**employees could be made more**

**(b) Outline four factors that could affect the style of language used when writing a memo.**

***May 2012 Question Six A and B***

**QUESTION 7**

a) (i) Explain the term "graphic communication".

(ii) Enumerate five advantages of graphic communication.

c) Joanina Enterprises has been producing an in-house magazine for its employees. A survey conducted last year revealed that 80% of the employees did not read the publication.

Advise the management of Joanina Enterprises on which measures to take in order to make the publication more useful and interesting to the reader.

***November 2011 Question Seven A and C***

**QUESTION 8**

b) Outline five uses of circulars as a mode of communication in an enterprise.

***November 2011 Question Five B***

**QUESTION 9**

1. i) Explain the term “memorandum”
2. List four uses of a memorandum.

***May 2010 Question Seven A***

**QUESTION 10**

a) Explain the purpose of job application letters and show how the attention, interest, desire, action (AIDA) organizational model could be used in job application letters.

***May 2010 Question Five A***

**“Your money or your life. “We know what to do when a burglar makes this demand of us, but not when God does.**

**Mignon Mclaughlin.**

**TOPIC 10**

**ORAL AND NON-VERBAL COMMUNICATION**

**QUESTION 1**

(a) Highlight four advantages of decision making through the consensus method.

***May 2014 Question Five A***

**QUESTION 2**

(a) Identify five skills relevant in non-verbal communication.

(b) Highlight seven benefits which could accrue to an organisation from conducting exit interviews.

***June 2013 Question Seven A and B***

**QUESTION 3**

c) Summarise five categories of non-verbal communication

***November 2012 Question Seven c***

**QUESTION 4**

**(c) Discuss five stages of the listening process.**

***May 2012 Question Six C***

**QUESTION 5**

(b) Citing relevant examples, illustrate how the following speaker's aspects can affect effective listening:

1. Credibility.
2. Logical argument.
3. Psychological appeals.

***November 2011 Question Six B***

**QUESTION 6**

1. During business communication, decoding of the message is dependent upon the type of listening adopted by the client. Summarise six types of listening.
2. Outline the measures which you could use to improve your listening skills.

***May 2011 Question Seven***

**QUESTION 7**

(a) (i) Describe the qualities employers look for during a job interview.

(ii) The first stage of a job interview is the warm up. Justify why this could be the most important stage of the interview.

(b) You recently attended an interview for a job.

1. State five reasons why you might send a thank you message to the interviewer.
2. Explain how you would decide which communication medium to use for your thank you message.
3. Highlight the circumstances under which an interviewee would write a letter of inquiry following a job interview.

***May 2011 Question Five***

**QUESTION 8**

1. Explain the principles of effective use of visual aids in a presentation

***November 2010 Question Six B***

**QUESTION 9**

a) Describe the basic techniques of conducting an interview.

***November 2010 Question Five A***

**QUESTION 10**

State the advantages and disadvantages of:

a) Open ended questions during an interview.

b) Conducting exit interviews.

***May 2010 Question Six***

**God’s love started in eternity, it manifests itself in time, and it goes on again into eternity. This line is unbroken.**

**Lloyd Jones.**

**TOPIC 11**

**PRESENTATION SKILLS**

**QUESTION 1**

1. Describe six graphic communication tools used when preparing a business proposal.

***December 2014 Question Seven B***

**QUESTION 2**

(c) Outline four benefits of audience profiling.

***May 2014 Question six C***

**QUESTION 3**

(c) Highlight eight characteristics of an effective speech.

***June 2013 Question Six C***

**QUESTION 4**

b) Identify six factors that an entrepreneur should consider to make audio visual communication effective

***November 2012 Question Six B***

**QUESTION 5**

a) Explain the term "persuasive communication".

***November 2011 Question Six A***

**QUESTION 6**

1. Explain four characteristics of an effective speech.

***November 2010 Question Five C***

**TOPIC 12**

**MEETINGS**

**QUESTION 1**

(b) Highlight five duties of a secretary during the day of a meeting.

***December 2014 Question Five B***

**QUESTION 2**

(a) Briefly explain when it is best to use each of the following conference seating plans:

(i) Theatre style

(ii) U shape style

(iii) Classroom style

(iv) Boardroom style

***June 2013 Question Six A***

**QUESTION 3**

b) Meetings can be useful means of group communication.

Explain the procedures observed to ensure the success of a meeting.

***November 2010 Question Five B***

**Even in literature and art, no man who bothers about originality will ever be original: whereas if you simply try to tell the truth (without caring two pence how often it has been told before) you will, nine times out of ten, become original without ever having noticed it.**

[**C. S. Lewis**](http://www.brainyquote.com/quotes/quotes/c/cslewis121182.html)**.**

**TOPIC 13**

**BUSINESS CORRESPONDENCE**

**QUESTION 1**

1. Explain five types of express delivery services offered by postal corporations.

***December 2014 Question Seven C***

**QUESTION 2**

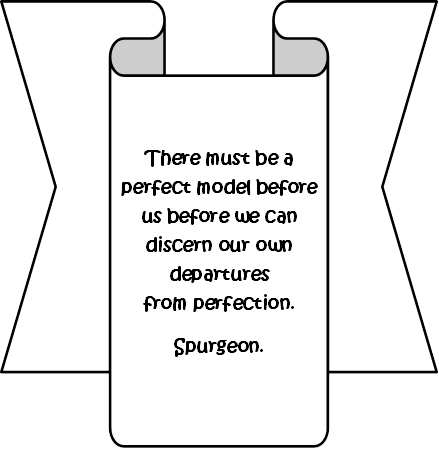
(c) Discuss four methods of filing that could be used in an enterprise.

***June 2013 Question Five C***

**QUESTION 3**

d) Charles Owino wishes to send a parcel to George Kala in Mombasa by registered post and has approached you for advice. Advise Charles Owino on the conditions of acceptance of a parcel for registered post

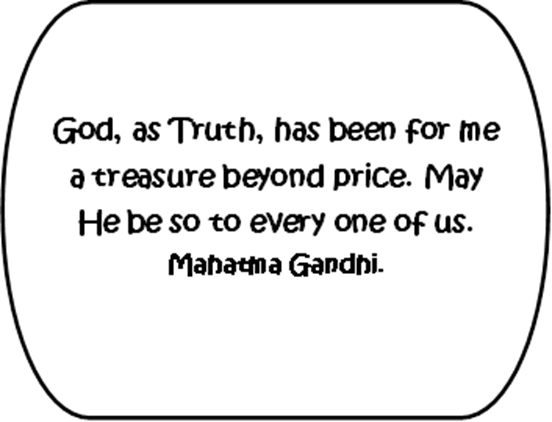
***May 2010 Question seven D***

****

**TOPIC 14**

**PROPOSAL WRITING**

This is a new topic that was introduced in the 2012 Revised Syllabus and it is yet to be examined. Detailed notes on this topic are available in our ***CPA Section 1 Entrepreneurship and Communication Study Text.***

****

**TOPIC 15**

**INFORMATION TECHNOLOGY AND COMMUNICATION**

**QUESTION 1**

b) Outline four benefits of e-mailing memos in an organisation

***June 2013 Question Six B***

**QUESTION 2**

b) Enumerate five benefits of using electronic data interchange in an enterprise

***December 2012 Question Two B***

**QUESTION 3**

a) Explain the following terms

1. Multimedia communication
2. VOIP
3. EFT

c) Summarise eight benefits that could accrue to an entrepreneur from a well-designed customer oriented website.

***December 2012 Question Five A and C***

**QUESTION 4**

b) Examine five guidelines for conducting an effective online research

***December 2012 Question Seven B***

**QUESTION 5**

**(c) (i) Explain the term "Bluetooth technology".**

**(ii) Outline eight possible applications of blue tooth technology in an enterprise.**

***May 2012 Question Seven C***

**QUESTION 6**

**(b) (i) Explain the term "videoconferencing"**

**(ii) Identify three circumstances when the use of videoconferencing would be the most suitable mode of communication.**

***May 2012 Question Five B***

**QUESTION 7**

b) Identify five key benefits that could be derived from the use of a personal digital assistant (PDA) by an entrepreneur.

***November 2011 Question Seven B***

**QUESTION 8**

1. Discuss six factors that an entrepreneur should put into consideration prior to commencing trading on the internet.
2. Highlight eight benefits of an organizational manual to an entrepreneur

***November 2010 Question Seven***

**QUESTION 9**

b) Distinguish between fax and e-mail.

c) Highlight five benefits of using telex services.

***May 2010 Question Seven B and C***

**QUESTION 10**

b) Outline eight benefits of blogging to business communication.

***May 2010 Question Five B***

**For there is no one so great or mighty that he can avoid the misery that will rise up against him when he resists and strives against God.**

**John Calvin.**

**TOPIC 16**

**ETHICS AND INTEGRITY IN BUSINESS COMMUNICATION**

**QUESTION 1**

(b) Identify six benefits which could accrue to an organisation from suggestion schemes.

(c) Analyse five unethical communication practices likely to be found in the business world.

***December 2014 Question Six B and C***

**QUESTION 2**

(b) Assess five ways in which ethical issues could be mainstreamed in an enterprise.

***May 2014 Question Three B***

**QUESTION 3**

c) Explain six unethical practices likely to be found in business communication.

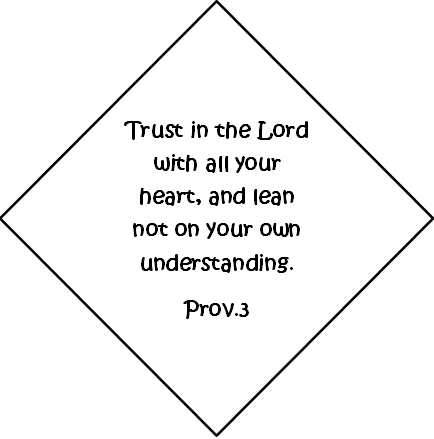
***November 2011 Question Six C***

**QUESTION 4**

**a) i) Differentiate between "ethical dilemma" and "ethical lapse".**

**ii) Briefly describe three examples of ethical dilemma that could be faced by an organization.**

***November 2009 Question Six A***

****

**SOLUTIONS**

**TOPIC 1**

**ENTREPRENEURSHIP AND SELF-EMPLOYMENT**

**QUESTION 1**

1. **Summarise four requirements of an effective order.**

* **Precise –** be direct to the point and avoid beating about the bush
* **Clarity -** Give clear instructions to your employees. Vague instructions such as, may not be sufficient
* **Systems of feedback -** Make yourself available to answer questions that employees might have, otherwise you risk the job being done incorrectly or not at all
* **Adequacy/ complete -** This means a communication system should ensure the message passed is complete both in terms of the ideas covered and the quantity or details required
* **Written** - Put your request in writing if it is complex. This helps to avoid confusion and can increase accurate follow-through. Give your employees verbal instructions to reinforce your memo.

***December 2014 Question Seven A***

**QUESTION 2**

1. **Describe five types of angel investors.**

**1) The Family Investor**

The Family Investor is not really a classic Angel Investor at all, but a supportive family member that "knows you." Their motivation comes from the interest in supporting a family member or friend. Their basic investment thesis is that they trust you. This is my least favorite investor because the investment is totally emotional and personal. Based on the financial situation of the individuals involved and the relationships, this can work if everyone comes into the situation with their eyes wide open.

**2) The Relationship Investor**

The Relationship Investor is a co-worker from a previous company or a business friend that you have known for a while. This investor may or may not understand what your new company is doing, but has a track record working with you.

**3) The Idea Investor**

The Idea Investor is probably very familiar with the space your company is targeting. This is, in some ways, the very best type of Angel Investor because to some degree this person can validate your idea. Their investment is based on the idea and there is little emotion around the table (always a good thing). If you can get them on board they can open doors into partner relationships and give good advice.

**4) The Once Removed Investor**

The Once Removed Investor is likely connected through a personal or professional relationship with either the Relationship Investor or the Idea Investor. They likely don't know you, and don't have a clue if your idea is good or bad. They trust someone else to bring them successful investment opportunities. This is a great way to get additional Angel Investors on board, but without a solid Relationship Investor or Idea Investor it is unlikely to happen.

**5) The professional angel investor**

Seeks investment that has the potential to return at least 10 or more times the original investment within 5 years, through a defined exit strategy e.g IPO or acquisition

***December 2014 Question Four C***

**QUESTION 3**

1. **Five ways in which entrepreneurs facilitate economic development in your country.**

* **Employment/ Job creation**

Entrepreneurs contribute to creation of employment opportunities for citizens. They start a business and employ themselves first then expand the same business to absorb more citizens as employees.

* **Improved quality of life/ standard**

Entrepreneurs are creative and highly innovative. They are able to design goods and services that fit customer specifications. They continually improve on the same in order to meet changing customer needs. They also provide income to citizens in form of salaries and wages the citizens can therefore afford goods and services.

* **Add to National Income**

Entrepreneurs generate a lot of income from their businesses locally and overseas. The amount of money generated can be used for more investment or to provide citizens with goods and services.

* **Even distribution of income**

Entrepreneurs spread out to all parts of a nation because it is the business opportunities that guide them where to invest. In the process they open up in accessible areas for development. The presence of entrepreneurs in different parts may mean more income, better infrastructure and higher quality of life for the local community.

* **Bring new technology in production**

Through their creativity and innovation, entrepreneurs device different methods of production and provision of services. They are quick to adopt new and efficient operation methods. To survive in a competitive market, they may continuously engage in research on ways to improve production and ensure customer service and profitability.

* **Increase investment**

Entrepreneurs are investors and may increase the number of investments in a nation. In so doing, they create more wealth in a nation investment may suggest ability to meet basic needs and save the surplus for investment.

* **Increase government revenue**

Entrepreneurs contribute to government revenue through various forms of taxes. The entrepreneur’s firm whether registered as a company or not still has a legal requirement to pay its taxes and to furnish the tax authority with the relevant paper work. The entrepreneur running a sole business will need to submit all his income in a given fiscal year and the business income from his firm forms part of this. An entrepreneur running a public limited company has the responsibility of ensuring corporate taxes are paid each year and in compliance with the Companies Act and any other legislation. Other taxes that the entrepreneur should furnish the tax authorities are taxes on the sales of good to the final consumer, personal taxes on his employees and any other penalties associated with these taxes. The various forms of taxes are source revenue for the government.

* **Social responsibility**

The entrepreneur should realize that his business will go a long way in getting public approval if it is seen to be doing something positive for the local community. Regular contributions to community projects will put the business in the good books of the community. This should be clearly highlighted in the company’s policy. The good will of the business stands to improve and this ensures support not only from regular customers but also the local authorities.

***December 2014 Question Four A***

**QUESTION 4**

1. **Discuss the following entrepreneurial schools of thought:**
2. **The environmental school of thought.**

The proponents of this school of thought argue that entrepreneurial desires are molded by external factors (which may be positive or negative) that affect a potential entrepreneur’s lifestyle. They further argue that institutions and societal values grouped together form an environmental framework that strongly influences the development of entrepreneurs. Freedom and support in the work environment can also foster a manager’s desire to pursue an entrepreneurial career. In addition, the social group a person belongs to often may affect the potential development of an entrepreneur.

1. **The capital/financial school of thought.**

This school presents the view that the desire to become an entrepreneur is based on the capital seeking process. The entrepreneurial process is about making decisions involving finances at every major point in the venture process i.e.

**a) Startup or acquisition venture stage:**

In the beginning, the entrepreneur’s main concern is deciding on the major sources of funds to give him a head start on the venture. He may either take up a loan or decide to save up his. The success or failure of this decision making process will lead him further to make a decision as to whether to proceed or abandon the project.

**b) Ongoing venture stage:**

The financial consideration here is how to manage cash, make investments, undertake financial analysis, and evaluate the financial position of the venture. The decision to be made here is whether to increase, maintain or reduce size of the business.

**c) Decline or succession stage:**

The entrepreneur will be forced at some point to investigate the future profitability of the venture. Following this analysis, he may then consider options such as corporate buyout, dissolution or succession. This decision of course, has a financial consideration.

1. **The displacement school of thought**

This view suggests that individuals will not pursue a venture unless they are prevented or displaced from doing other activities. Factors that may force one from pursuing other ends in life include:

* Political factors; these may include riots, wars e.t.c and may force one to move from station to another.
* Cultural factors such as family backgrounds
* Economic factors; this could be, for instance, as a result of loss of current employment

***December 2014 Question One C***

**QUESTION 5**

**(a) Five drivers of innovation.**

**Unexpected occurrences**

These are successes or failures that were not planned or expected and can be a major innovative surprise to the firm,

**Incongruities**

They occur whenever a gap or difference exists between expectations and reality.

**Process needs / demand arises**

They occur whenever a demand arises for the entrepreneur to innovate and meet a particular need.

**Industry and market changes**

Continual shifts in the market place, occur caused by developments for example consumer attitudes,

**Demographic changes**

These arise from trend, changes in population, age, education, occupations, geographic locations and similar factors.

**Perceptual changes**

These changes occur in people's interpretation of facts and concepts.

**Knowledge-based concepts**

These are the basis for the creation or development of something brand new which becomes a type of innovation.

***May 2014 Question two A***

**QUESTION 6**

**b) Ways of overcoming cultural diversity in businesses**

* **Recognition**

You must recognize that people have differences, be it physical, generational or cultural, and you cannot pretend that these barriers have been broken down. Instead, celebrate the differences among your employees, and encourage them to let their individualities show. For example, don't hesitate to ask someone from another culture about their culture's etiquette practices their knowledge could prove useful to your business. Do not pigeon hole your employees, an employee's worth comes from more than his ethnicity or age.

* **Fairness**

Acting fairly and acting uniformly are different, and only one enables you to successfully deal with diversity in your workplace. Don't be fooled into thinking that by treating everyone exactly the same, you are demonstrating a fair attitude and respecting diversity. Instead, treat people fairly and respect the differences that make them who they are. For example, don't schedule a mandatory meeting that falls on a religious holiday it demonstrates insensitivity and may breed resentment and foster feelings of being left out in any employees that are unable to attend.

* **Focus On Yourself**

Diversity is an issue that you must manage in the workplace and it starts with managing your own attitude and behavior. For example, examine your behavior in job interviews. When an applicant of a certain ethnicity or gender comes in, do you make assumptions that he must prove or disprove during the interview? How do you respond to different styles of communication? Self-awareness is key to developing a safe, fair workplace for a diverse group of employees.

* **Employee Assessments**

Managers conduct employee reviews and assessments from time to time. When preparing these reviews, they must also examine the employees' attitudes, particularly how they work with others. If you notice that an employee only delegates tasks to people of a certain race, or if an employee discounts the ideas of people below or above a certain age, it is your responsibility to address the issue. Identify issues among your employees and bring them up when assessing their performance.

* **Encourage Interaction**

When you identify diversity-related issues in the workplace, discuss them with your employees in a non-confrontational manner. For example, encourage employees to work with others of different backgrounds or generations. Initiating these types of interactions encourages your employees to learn more about communication styles, talents and goals - their own and those of their co-workers.

***June 2013 Question Three B***

**QUESTION 7**

1. **Myths on entrepreneurship**

**i. The Risk-Taking Myth:**

"Most successful entrepreneurs take wild, uncalculated risks in starting their companies."

Risk is an intrinsic part of any business venture. It is only later on in the development of the company, when the business has created some real value, that entrepreneurs risk losing it all if they are to continue growing.

**ii. The High-Tech Invention Myth:**

"Most successful entrepreneurs start their companies with a breakthrough invention--usually technological in nature."

Having a breakthrough invention, a unique product or a radically new process is not a necessary element at the beginning of most successful growth companies.

**iii. The Expert Myth:**

"Most successful entrepreneurs have strong track records and years of experience in their industries."

While founders of successful companies may become knowledgeable and prominent in their field later on, early-stage growth companies are just as likely to be started by relative amateurs with little background experience in the field.

**iv. The Strategic Vision Myth:**

"Most successful entrepreneurs have a well-considered business plan and have researched and developed their ideas before taking action."

Strategic planning and research are in fact hallmarks of the later stages of development, rather than a necessary initial ingredient. For many startups, extensive research and planning are often both unnecessary and financially impossible. At this early stage, adaptiveness is much more important than a thorough, rationalized decision making process.

**v. The Venture Capital Myth:**

"Most successful entrepreneurs start their companies with millions in venture capital to develop their idea, buy supplies, and hire employees."

Venture capital is dominant in some industry sectors-biotech, some high-tech startups, internet- where capital requirements force companies to skip the early growth stages. But it-or any other type of formal financial support-is surprisingly uncommon among most successful entrepreneurial growth companies at their early stages of development.

***June 2013 Question One A***

**QUESTION 8**

* 1. **Roles of entrepreneurship in economic development**
* **Employment/ Job creation**

Entrepreneurs contribute to creation of employment opportunities for citizens. They start a business and employ themselves first then expand the same business to absorb more citizens as employees.

* **Improved quality of life/ standard**

Entrepreneurs are creative and highly innovative. They are able to design goods and services that fit customer specifications. They continually improve on the same in order to meet changing customer needs. They also provide income to citizens in form of salaries and wages the citizens can therefore afford goods and services.

* **Add to National Income**

Entrepreneurs generate a lot of income from their businesses locally and overseas. The amount of money generated can be used for more investment or to provide citizens with goods and services.

* **Even distribution of income**

Entrepreneurs spread out to all parts of a nation because it is the business opportunities that guide them where to invest. In the process they open up in accessible areas for development. The presence of entrepreneurs in different parts may mean more income, better infrastructure and higher quality of life for the local community.

* **Bring new technology in production**

Through their creativity and innovation, entrepreneurs device different methods of production and provision of services. They are quick to adopt new and efficient operation methods. To survive in a competitive market, they may continuously engage in research on ways to improve production and ensure customer service and profitability.

* **Increase investment**

Entrepreneurs are investors and may increase the number of investments in a nation. In so doing, they create more wealth in a nation investment may suggest ability to meet basic needs and save the surplus for investment.

* **Increase government revenue**

Entrepreneurs contribute to government revenue through various forms of taxes. The entrepreneur’s firm whether registered as a company or not still has a legal requirement to pay its taxes and to furnish the tax authority with the relevant paper work. The entrepreneur running a sole business will need to submit all his income in a given fiscal year and the business income from his firm forms part of this. An entrepreneur running a public limited company has the responsibility of ensuring corporate taxes are paid each year and in compliance with the Companies Act and any other legislation. Other taxes that the entrepreneur should furnish the tax authorities are taxes on the sales of good to the final consumer, personal taxes on his employees and any other penalties associated with these taxes. The various forms of taxes are source revenue for the government.

* **Social responsibility**

The entrepreneur should realize that his business will go a long way in getting public approval if it is seen to be doing something positive for the local community. Regular contributions to community projects will put the business in the good books of the community. This should be clearly highlighted in the company’s policy. The good will of the business stands to improve and this ensures support not only from regular customers but also the local authorities.

* **Formation of cartels**

Cartels are formed by firms with the same business objectives. Theirs is to establish favourable trade terms with suppliers so that when the goods reach the final consumer, sufficient margins have been made. This helps the many small individual firms that perhaps could not have had the same bargaining power as they do when in a cartel. In a way it fortifies the relationships between the various businesses and contributes towards healthy competition. The smaller firms eventually grow and play important roles in the economy as well.

***December 2012 Question Two C***

**QUESTION 9**

1. **Warning signs that would indicate the possibility of an entrepreneur becoming bankrupt**
2. **Delay to pay creditors on due dates**
3. **Change in credit policy, from credit to cash on delivery**
4. Key personnel leave the company.
5. **Selling Fixed assets to pay creditors**
6. Customers are given large discounts to enhance payments because of poor cash flow.
7. Contracts are accepted below standard amounts to generate cash.
8. Materials to meet orders are lacking.
9. Payroll taxes are not paid.
10. Customers' complaints regarding service and product quality increase.
11. Suppliers demand payment in cash.
12. **Five strategies that an entrepreneur could adopt in order to survive bankruptcy**
13. **Sale of tangible assets to obtain cash to set off some of the outstanding debts.**
14. **Negotiation with creditors and lenders to restructure their loans advanced to the enterprise.**
15. **Factor of debts to factors to improve debt collection and hence cash flows within the enterprise.**
16. **Liquidation and thus closing down the operations of the enterprises.**
17. **Appointing of a receiver to manage the enterprise and a possible turnaround.**

***May 2011 Question Three***

**QUESTION 10**

**a) Meaning of the term "entrepreneur".**

An Entrepreneur is a person who organizes, operates, and assumes the risk for a business venture. An entrepreneur can also be described as a person who has possession of a new   
enterprise, venture or idea and is accountable for the inherent risks and the outcome.

**b) Six sources of finance for a new business venture.**

* **Bank lending**

**Borrowings from banks are an important source of finance to companies. Bank lending is still mainly short term, although medium-term lending is quite common these days.**

* **Leasing**

**A lease is an agreement between two parties, the "lessor" and the "lessee". The lessor owns a capital asset, but allows the lessee to use it. The lessee makes payments under the terms of the lease to the lessor, for a specified period of time.**

* **Retained earnings**

**For any company, the amount of earnings retained within the business has a direct impact on the amount of dividends. Profit re-invested as retained earnings is profit that could have been paid as a dividend.**

* **Ordinary (equity) shares**

**Ordinary shares are issued to the owners of a company.**

* Grants from private foundations and non-governmental organizations.
* Government funding especially for youth projects.
* Personal savings, possibly from initial employment ie if the business venture is a sole proprietorship or partnership

**c) Six challenges faced by entrepreneurs.**

**Undercapitalization.**

Banks may not be willing to extend unsecured loans to companies due to the high risk involved.

**Mismanagement**

**The entrepreneur will often employ people to assist him manage the operations of the firm. However, if these people are not trustworthy, he stands to lose a lot of money through embezzlement.**

**Competition**

From large established organizations that enjoy economies of scale.

**Rules and regulations**

Complex rules, regulations and procedures framed by the Government can pose a challenge to entrepreneurs

**Lack of raw materials**

Unreliable supply of raw materials cans hinder production process in a manufacturing firm.

**Lack of skills and experience   
If the entrepreneur does not have sufficient skills to manage his business then he stands risk of making losses**

***November 2010 Question One***

**QUESTION 11**

1. **Four business opportunities that entrepreneurs could exploit arising from the 2010 FIFA World Cup to be held in South Africa**.

* Sale of food and refreshments to visiting and local fans
* Offer tour guide services: Due to the many visitors expected professional tour guides will be stretched and any local with good knowledge of the country and its tourist attraction sites can get into an arrangement to show foreigners around.
* Accommodation: Subletting extra rooms to visiting fans is an opportunity that could generate handsome returns at very little or no cost.
* Transport services: Without too much capital outlay an entrepreneur can venture into the transport industry and mainly taxi and car hire to take advantage of the expected high transport demand.
* Be an entertainer in the stadium and get paid for it by the managers e.g. shakira

***May 2010 Question One A***

**Make this poor self grow less and less, Be Thou my life and aim.**

**Caper Lavater**

**TOPIC 2**

**ENTREPRENEURIAL OPPORTUNITIES**

**QUESTION 1**

1. **(i) Distinguish between the terms "business incubators" and "small business development centres (SBDCs)".**

A **Business incubator** is a program designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts.

It is the process of nurturing start-up businesses through the tough business stages and supporting them by providing the conducive environment and facilities.

The entrepreneurs with feasible projects are admitted into the incubators where they are offered a specialized menu of support resources and services.

[**Small Business Development Centers (SBDCs)**](http://americassbdc.org/)provide assistance to small businesses and aspiring entrepreneurs. SBDCs help entrepreneurs realize the dream of business ownership and help existing businesses remain competitive in a complex, ever-changing global marketplace.

SBDC advisors provide aspiring and current small business owners a variety of free business consulting and low-cost training services including: business plan development, manufacturing assistance, financial packaging and lending assistance, exporting and importing support, disaster recovery assistance, procurement and contracting aid, market research help, program support, and healthcare guidance.

Incubators differ from Small Business Development Centers in that they serve only selected clients. SBDCs are required by law to offer general business assistance to any company that contacts them for help. In addition, SBDCs work with any small business at any stage of development, not only startup companies. Many business incubation programs partner with their local SBDC to create a "one-stop shop" for entrepreneurial support.

**(ii) Three phase process which entrepreneurs go through in a business incubator.**

* **Pre-incubation stage** - relates to the overall activities needed to support the potential entrepreneur in developing his business idea, business model and business plan, to boost the chances to arrive to an effective start‐up creation.
* **Incubation stage** - support given to the entrepreneur from the start up to the expansion phase.
* **post-incubation stage** - relates to the activities to be carried out when the company has reached he maturity phase, and therefore is ready to walk on its own feet.

***December 2014 Question Two A***

**QUESTION 2**

**(a) Corridor principle**

Corridor principle proposes that opportunities evolve from entrepreneurs being positioned in similar or having had experience in related ventures so that when a window opens, it is easy for them to move in quickly.

The corridor principle asserts that, just by starting a firm, entrepreneurs become aware of other start-up, opportunities they would not have taken advantage of if they had not established the original company.

***May 2014 Question four A***

**QUESTION 3**

**(b)** **Rules of business networking**

* Know-who is as important as entrepreneurial know-how, be diplomatic, to act let development of contacts that will assist you in starting your new venture constrain you.
* Be systematic, explicit and proactive in creating and managing your network
* Always assess your contacts in terms of the specific type of venture in a place where you will take optimum advantage of your contacts.
* Locate, your venture in a place where you will take optimum advantage of your contacts,
* The strengths and weaknesses of your personal contacts become apparent only when they are used.
* Always assess your entrepreneurial contact not just in terms of entrepreneurial functions and needs
* If possible, use some kind of device to keep, track, sort and classify the relationship.
* Do not become a slave to developing your value added contacts trying to please everybody, it’s a recipe for failure/ be your self
* It is not what you know that counts, but who you know, but if you, do not know, the what, the who will not talk to you./ be ready to share

***May 2014 Question one B***

**QUESTION 4**

**a) i)** **Difference between utility patents and design patent**

A design patent protects the ornamental design, configuration, improved decorative appearance, or shape of an invention. This patent is appropriate when the basic product already exists in the marketplace and is not being improved upon in function but only in style.

A utility patent protects any new invention or functional improvements on existing inventions. This can be to a product, machine, a process, or even composition of matter

**ii)** **Strategies that an entrepreneur might use to minimize patent risks**

* Conducting a rigorous prior patent search before filing a patent
* Obtain a license to use another invention.
* It is also important to review all known competitor products for any patent notices.
* If you have reason to believe that a competitor has a patent on a related product but cannot find the patent via a patent search or the competitor's product, you may want to consider contacting the competitor to see if they have a patent.

***June 2013 Question Three A***

**QUESTION 5**

1. **Limitation of focus group discussions**

* Focus groups tend to become influenced by one or two dominant people in the session thus making the output very biased

The moderator plays an essential role in handling the situation, but if the moderator is not experienced enough, it is very easy for the whole discussion to be dominated by a few people.

* **Focus groups are not as effective in dealing with sensitive topics**

It is difficult to have the participants share their real feelings towards some sensitive topics publicly. This can in turn influence the output data.

* **Focus group output is not projectable**

If a great deal of consistency in the results from a series of focus groups have been identified and it is very likely that the results from these sessions probably can represent a larger number of people. We can’t expect focus groups to be projectable in the same way as quantitative study findings can be.

Furthermore, traditional focus groups can only be held in a few cities, unlike some internet and telephone focus groups which could be organized in various situations without limitation of time and location. This also makes data from focus groups less representative of the total universe.

* **Focus groups are a very artificial environment which can influence the responses that are generated**

This is frequently the argument that ethnographers will use when recommending their methodology versus focus groups. Because researchers using the ethnographic technique will situate themselves in the real environment, that is unreachable for focus groups. In focus groups people are collected in a meeting room thus they might behave differently from how they behave when they are not watched and it will effect the quality of research results.

* **Lack of honesty from participants**

One drawback to a focus group is that participants do not always voice their true opinions. Some individuals are shy by nature and do not readily address large groups or strangers. Participants can also be swayed by the focus group moderator or the presence of company executives. This can especially hold true of a moderator who expresses her own opinions or shows bias during the session.

* **Time and monetary costs**

The cost of a focus group are high. This includes the cost of facility rentals, supplies, hiring a market research firm and paying participants for their time. In addition, assessing the results of the focus group to create a report or presentation can be a time-consuming task. If analysis is not done correctly, it may lead to costly marketing or production mistakes by a company.

* **Participant domination**

Focus groups dominated by one or two participants can skew data and may cause others to hesitate in sharing their insight. While a good moderator will be able to quell dominating personalities and make quieter voices heard, it can still influence the raw data collected and potentially lead to false negatives.

* **Logistical challenges**

Transportation issues may arise if the focus group location is in a remote area. If the location is not accessible by public transportation, companies should select either an alternative location or provide transportation for participants. Not placing the focus group in an accessible area may limit the participant pool. In addition, if a company is looking to launch a product nationally, it should consider conducting several focus groups throughout the country to examine regional habits and interests. This endeavor, however, can be quite costly and time-consuming.

***December 2012 Question One B***

**QUESTION 6**

1. **In relation to entrepreneurship, explain;-**
2. **Window of opportunity**

A window of opportunity is a short time period during which an otherwise unattainable opportunity exists. After the window of opportunity closes, the opportunity ceases to exist. Since good deals on real estate, business offers, etc. do not exist forever, the window of opportunity is the ideal time to act.

1. **Forced associations**

Forced Association is a powerful creative technique in which a series of random words are forced into association with the topic under investigation. These artificially paired words are then considered for creative possibilities.

1. **Civic entrepreneurship**

Civil entrepreneurship is the recognition of a social problem and the uses of [entrepreneurial principles](http://en.wikipedia.org/wiki/Entrepreneur) to organize create and manage a [social venture](http://en.wikipedia.org/wiki/Social_venture) to achieve a desired [social change](http://en.wikipedia.org/wiki/Social_change). While a [business entrepreneur](http://en.wikipedia.org/wiki/Entrepreneur) typically measures performance in profit and return, a social entrepreneur also measures positive returns to society. Thus, the main aim of social entrepreneurship is to further broaden social, cultural, and environmental goals. Social entrepreneurs are commonly associated with the voluntary and not-for-profit sectors, but this need not preclude making a profit.

**b) Ways of creating an environment suitable for the flourishing of creativity**

* + - 1. **Promote regular team brainstorming sessions**, which allow employees a chance to produce a high quantity of ideas. Once you have a large amount of ideas, analyze and choose those ideas that are of high quality.
      2. **Create an encouraging work environment**. If employees see that their ideas are encouraged and accepted, they will be more likely to be creative, leading to potential innovation in the workplace.
      3. **Create a collaborative work environment**. Creativity and innovation can stem from employees working together to reach a goal. Foster communication between employees and between departments and reward those that work together to solve problems.
      4. **Encourage your team members to take risks**. The opposite of creativity is fear. Employees won't be creative or innovative if they fear a backlash from failure. Create an environment that is free from fear of failure; treat your employees' failures as a learning tool, rather than a means for passing around blame.
      5. **Be willing to stretch the rule book**  
         Leaders who promote creativity among their people don’t disregard guidelines and policies, but they inherently know when they need to be challenged, and they can see when a more flexible approach should be taken. David Kelley, founder of Ideo Product Development said, ‘The most important thing I have learned from big companies is that creativity gets stifled when everyone’s got to follow the rules.’
      6. **Stress the importance of creativity.** Ensure all your staff know that you want to hear their ideas. Unless they understand how innovating your business processes can keep your firm competitive, your efforts at encouraging creative thinking risk falling flat.
      7. **Make time for brainstorming.** Allocate time for [new ideas](http://www.marketingdonut.co.uk/marketing/marketing-strategy/product-strategy/new-product-development) to emerge. For example, set aside a slot at the end of meetings for brainstorming, hold regular group workshops and arrange team days out. You should also give individuals the space to reflect privately on their work if you think they need it.
      8. **Actively solicit ideas.** Place suggestion boxes around the workplace, appeal for new ideas to solve particular problems and, quite literally, keep your door open to new ideas.
      9. **Train staff in innovation techniques.** Your staff may be able to bounce an idea around, but be unfamiliar with the skills involved in creative problem-solving. You may find training sessions in formaltechniques such as brainstorming, lateral thinking and mind-mapping worthwhile.
      10. **Cross-fertilise.** Broadening people’s experiences can be a great way to [spark ideas](http://www.marketingdonut.co.uk/marketing/marketing-strategy/product-strategy/innovation). Short-term job swaps and shadowing in-house can introduce a fresh perspective to roles. Encourage people to look at how other businesses do things, even those in other sectors, and consider how they can be adapted or improved.
      11. **Challenge the way staff work.** Encourage employees to keep looking anew at the way they approach their work. Ask people whether they have considered alternative ways of working and what might be achieved by doing things differently.
      12. **Be supportive.** Respond enthusiastically to all ideas and never make someone offering an idea, however hopeless, feel foolish. Give even the most apparently outlandish of ideas a chance to be aired.
      13. **Tolerate mistakes.** A certain amount of risk-taking is inevitable with creative thinking. Allow people to learn from their mistakes. Never put off the creative flow by penalizing those whose ideas don’t work out.
      14. **Reward creativity.** [Motivate individuals or teams](http://www.marketingdonut.co.uk/marketing/marketing-strategy/management-recruitment-and-training/motivating-your-sales-and-marketing-team) who come up with winning ideas by actively recognizing creativity, for example through an awards scheme. You could even demonstrate your recognition that not all ideas work out by rewarding those who just have a rich flow of suggestions, regardless of whether they are put into action at work.
      15. **Act on ideas.** Creative thinking is only worthwhile if it results in action. Provide the time and resources to develop and implement those ideas worth acting upon. Failure to do so not only means your firm will fail to benefit from innovation, but flow of ideas may well dry up if staff feel the process is pointless.

**c) Matching factors below to corresponding parameters**

|  |  |
| --- | --- |
| **Factor** | **Parameter** |
| 1. Property rights 2. Bribes and corruption 3. Emergency of new customer lifestyles 4. Solicitation of suggestions 5. Product safety and liability 6. Geographical size and density | 1. Political and legal environment 2. Culture 3. Change 4. Communication 5. Economy 6. Distribution channels |

***May 2012 Question One***

**QUESTION 7**  
**a)** **Definition of nascent entrepreneur**

A nascent entrepreneur is anybody engaged in the creation of new ventures. The person commits time and resources to funding the new firm, whereby he passes through the stages of conception, gestation, infancy and adolescence. He mobilizes resources, coordinates, direct and manages all factors of production for quick return on the solely invested venture.

**b)** **Features of a good business name**

Aside from supporting the business objectives of your organization, a name, whether it’s for a company or a product, should have five key characteristics:

1. **Memorable —** a name should be easily recognized and recalled. This is where you should think twice about made-up spelling. Of course, sometimes made-up spellings are completely appropriate. On the other hand, there are other ways to be memorable.
2. **Meaningful —** a name should be credible, as well interesting and rich in visual and verbal imagery.  Sometimes meaningful can mean descriptive, but not always. A name that is too descriptive may limit your future product or service expansions. Finding the right balance is important.
3. **Transferable —** the new name should be something that works both within and across product categories, geographic boundaries and/or cultures. Maybe your product is currently only used in conjunction one industry — even though there are opportunities and capabilities to expand into others — you’ll want to make sure your name doesn’t limit you from effectively doing so.
4. **Timeless** — a name should be flexible enough to still be relevant as you progress. Are the words you’re using going to seem dated in a few years?
5. **Protectable** — is the name legally secure and competitively well-guarded? At Go East we perform top level searches before we present a name to a client and we always recommend that our clients work with their trademark lawyers to ensure protectability. That being said, every person has a different risk tolerance and what may seem safe to one person, may be unsafe to another. It’s important to know where you stand.

**c) Six types of business incubation are;**

**Mixed portfolio business incubators**

* Targets high-growth firms in a range of sectors.
* May select sectors that align with the overall regional or national competitiveness strategy
* May exist in environments where there is little entrepreneurial activity

**Technology business incubators**

* Targets high-growth technology firms
* Require foundation of strong technology and human capital infrastructure
* Where this infrastructure and human capital are weak, may require extensive pre-incubation
* activities
* May exist in economies in transition

**Business incubators with university relationships**

* Frequently the university or academic institution has a role as founder and is a
* source of resources such as research, expertise, space and/or funds
* Typically targets technology firm, but may work with other sectors
* Academic institutions have a role as a founder and is a source of resources such as research, expertise, space and or funds.

**Agri-business incubators**

* Targets firms in the agriculture sector
* Aim is to commercialize innovative practices or transform sector firms from slow-growth to growth

**Social business incubation**

* Uses entrepreneurship and innovation as a mechanism for social impact
* Engages entrepreneurs who may be disenfranchised or where illegal economies are prominent
* May focus on socially valuable products and services

**Technology parks**

* Designed to accelerate growth of relatively mature businesses
* Focus on range of technology firms, but may target specific industries
* May use incubation as way to source future clients

**Associations and networks**

* Targets incubation organizations for membership and collective activities
* May be advocates in promoting entrepreneurship and innovation, especially in economies where this is not
* prevalent
* Often play a significant role in learning and training and providing networks for members

***November 2011 Question One***

**QUESTION 8**

1. **Six ways which an entrepreneur can use to identify a business opportunity.**

**Identifying a problem and solving it**

You can find these problems through observing challenges people encounter in their everyday lives, by intuition or by chance.

**Finding Gaps in the Marketplace**

It involves the ability to recognize a need that is not being met in a customer's life. These gaps can be hard to identify but can be potentially very rewarding.

**Social factors**

Understanding social factors and the impact it has on trends can help identify business opportunities

**Technology**

Technological advances can provide opportunities to help satisfy basic needs in a   
better, more convenient way. Once new technology is created, new products to   
advance it are usually not far behind.

**New laws and regulations**

Political action and regulatory changes will also provide opportunities for the   
entrepreneur. New laws, political instability and global terrorism have all provided   
business opportunities e.g. companies looking for security

**Economic factors**

For instance you can find out who has money to spend or a particular group that has disposable income i.e. people who are willing and able to buy products or services

1. **Discuss four factors that are critical in the success of a partnership in entrepreneurship.**

**Open communication lines**

The most successful partnerships incorporate regularly scheduled meetings or conference calls to review how the relationship is working and progress on individual initiatives or work elements.

**Formal agreement or deed**

Partnerships need formal written agreements and work plans that define mutual interests and expectations, the roles and responsibilities of each partner, and clear accountability for the work to be performed. The formal agreement serves as a mutually binding contract to ensure that each partner acknowledges and fulfills their responsibilities.

**Participative decision making**

The partners need to work as a team in critical decisions. Partners become very quickly disenfranchised, disengaged, and uninterested if they feel the same individuals are always making all of the decisions.

**Build trust**

Maintain an environment of trust: The partners should maintain an environment of trust. Trust must be demonstrated and earned day by day. A single betrayal can be costly and make it hard to regain the same level of trust between the partners.

***November 2010 Question Three***

**QUESTION 9**

**a) Argue the case for and against the following business succession strategies:**

**(i) Early entry strategy.**

**Advantages /Case for early entry strategy**

* He is also able to establish reputation in the market place.
* The existing product also benefits from consumer traits as it will gain a stable preference pattern.
* The pioneer is able to occupy proffered market position.
* The production costs are also lower than those for later entrants
* The first entrant gains early recognition.
* Intimate familiarity with the nature of the business and employees is acquired.
* Skills specifically required by the business are developed.
* Exposure to others in the business facilitates acceptance and the achievement of   
  credibility.
* Strong relationships with constituents are readily established.

**Disadvantages /Case against early entry strategy**

* Knowledge of the environment is limited, and risks of inbreeding are incurred.
* **The first entrant bears most of the costs and risks of developing the product.**
* **Bears the risks of developing the market of the product.**
* **He must also absorb the risk that imitators may copy the innovation in a short time and with fewer costs.**

**(ii) Delayed entry strategy**

**Advantages /Case for delayed entry strategy**

* The successor's skills are judged with greater objectivity.
* The development of self-confidence and growth independent of familiar influence are achieved.
* Outside success establishes credibility and serves as a basis for accepting the successor as a competent executive.
* Perspective of the business environment is broadened.
* **Do not have to bear costs and risks of developing the product.**
* **They enter an already developed market.**

**Disadvantages /Case against delayed entry strategy**

* They require heavy marketing investments to gain a jump on competition against earlier entrants.
* Set patterns of outside activity may conflict with those prevailing in the family firm.
* Specific expertise and understanding of the organization's key success factors and culture may be lacking.
* Resentment may result when successors are advanced ahead of long-term employees.

1. **Six factors to consider when developing an effective business succession strategy.**

**Legal requirements**

The legal requirements in respect to the growth and stability of the business should be considered

**Flexibility**

The succession planning process is dynamic. The succession planning process should fit into the company's business plan. Since it is not a standalone plan it should accommodate changes due to issues that may be unforeseen at the planning stage.

**Training and development plan**

The succession strategy should link to training and development plan. The succession planning process is part of training and development plan. When the business views succession planning process as one process, the potential leaders will get the necessary training.

**Communication**

Succession planning is about people. When the business wants to develop a person, it must inform the person. Some employees are comfortable in their present roles. They do not want promotion. They do not want the stress that comes with promotion. When a business forces them to accept the succession planning process, they may not perform.

**Compensation and benefits plan**.

The potential leader expects rewards for being subjected to a rigorous training and development plan. The succession plan has to motivate and reward the employees affected for reaching up.

**Handover and induction**

Allow enough time for handover and induction: The succession strategy should strike a balance on the time needed for new management to takeover to ensure a smooth transition.

***May 2010 Question Four***

**QUESTION 10**

1. **Registration process followed by an entrepreneur in order to be granted patent rights over a business idea or product.**

**Written patent application**

The first step is to make a written patent application. A patent may be applied for, obtained or owned by natural persons (individuals or groups) or artificial person (corporations or companies).

**Formal examination**

After formal examination the managing director of Kenya Industrial Property Institute   
(KIPI) may request for additional information if needed.

**Issue of patent to the applicant**

Unless an application is rejected and upon payment of grant fee a patent is granted and issued to the applicant together with a certificate of grant of a patent.

**Registration of patent**

Every patent granted is registered, and is, as soon as reasonably practicable, published in the Kenya Gazette or the Industrial Property Journal.

**b) Essential guidelines for successful networking in business.**

Business Networking is the act of interacting and building relationships with different people for the purpose of establishing a business connection with them. These people can be your prospective customers, consultants, employees or even business partners. To effectively network a business, you must be able to link yourself to individuals who, through trust and relationship building, become walking, talking advertisements for you (as you would for them).

**Guidelines**

1. Keep in mind that networking is about being genuine and authentic, building trust and relationships, and seeing how you can help others.
2. Define your goals before participating in networking meetingsso that you’ll pick groups that will help you get what you’re trying to achieve. Some network meetings are done for the purpose of learning, making contacts, and/or volunteering rather than on strictly making business connections.
3. Interact with as many groups as possible. Try to find groups that cater to your interests so you won’t have to work so hard to participate. Observe the tone and attitude of the group. Do the members sound supportive of one another? Does the leadership appear competent?
4. Hold volunteer positions in organizations. This is a great way to stay visible and give back to groups that have helped you.
5. Ask open-ended questions in networking conversations. This means questions that allow the responder to communicate and express himself more as opposed to those that can be answered by a simple yes or no. This form of questioning opens up the discussions and shows listeners that you are interested in them.
6. Become known as a powerful resource for others.Being known as a powerful resource makes you attractive to different people within the network. They’ll most likely try to remember and turn to you for suggestions, ideas and additional contacts.
7. Have a clear understanding of what you do and why, for whom, and what makes your doing it special or different from other people doing the exact same thing. In order to get referrals, you must first have a clear understanding of what you do that you can easily articulate to others.
8. Be able to articulate what you are looking for and how others may help you. Too often people in conversations ask, “How may I help you?” and no immediate answer comes to mind.
9. Follow through quickly and efficiently on referrals you are given. When people give you referrals, your actions reflect on them. Respect and honor that and your referrals will grow.
10. Call those you meet who may benefit from what you do and vice versa. Express that you enjoyed meeting them, and ask if you could get together and share ideas.

***May 2010 Question Two***

**TOPIC 3**

**ENTERPRISE DEVELOPMENT**

**QUESTION 1**

1. **Summarise five challenges encountered by entrepreneurs during the transition from an idea to production of a new product.**
2. **Inadequate capital/ finances**

At start- up stage, businesses are expected to incur heavy expenditure on matters such as acquisition of physical facilities.

1. **Regulations and compliances**

These regulations may bring additional expenditure and at the same time they delay interpretation of the entrepreneur’s idea.

1. **Lack of business management skills**

At start- up stage, a business requires a well prepared plan but many entrepreneurs lack the management skills to enable them prepare this crucial document. The business is also expected to provide customers quality products or services. The technical skills necessary for the designer and development of such products may lack.

**iv)** **Lack of experience**

Without experience and foresight, mistakes with unforeseen long-term negative consequences are easy to make.

**v) The business risk is high**

***December 2014 Question Four B***

**QUESTION 2**

**(b) Five dimensions of quality for a product.**

1. **Performance:** Performance refers to a product's primary operating characteristics. This dimension of quality involves measurable attributes; brands can usually be ranked objectively on individual aspects of performance.
2. **Features:** Features are additional characteristics that enhance the appeal of the product or service to the user.
3. **Reliability:** Reliability is the likelihood that a product will not fail within a specific time period. This is a key element for users who need the product to work without fail.
4. **Conformance**: Conformance is the precision with which the product or service meets the specified standards.
5. **Durability:** Durability measures the length of a product’s life. When the product can be repaired, estimating durability is more complicated. The item will be used until it is no longer economical to operate it. This happens when the repair rate and the associated costs increase significantly.
6. **Serviceability**: Serviceability is the speed with which the product can be put into service when it breaks down, as well as the competence and the behavior of the serviceperson.
7. **Aesthetics**: Aesthetics is the subjective dimension indicating the kind of response a user has to a product. It represents the individual’s personal preference.
8. **Perceived Quality**: Perceived Quality is the quality attributed to a good or service based on indirect measures.

***December 2014 Question Two B***

**QUESTION 3**

**(b) How microeconomic policies could facilitate growth of business ventures in your country.**

* Microeconomic policies are introduced to correct market-failure and can help new and existing businesses to grow by:
* Policies that help entrepreneurs to acquire skills and resources that they require to survive in business and experience growth.
* Strengthen economic competitiveness by creating a healthy vibrant business sector.
* Policies that enable entrepreneurs' access finances, buildings and equipment for business growth.
* Policies that facilitate the improvement and creation of physical infrastructures that stimulate business growth.
* Policies that support innovation and technology for example through research and development funds to universities.
* Creation of business incubation centers that provide facilities for innovation and technology transfer.

***May 2014 Question four B***

**QUESTION 4**

**(a) Reasons why an entrepreneur may need to borrow money in each stage of the business life cycle.**

**Pre-start phase/development**

Funds are needed at this stage for fixed assets, installation, business planning, rent, electricity, water, telephone, advertisement, legal requirement and research.

**Start-up phase/introduction**

Funds are required at this stage for remunerations, advertising, rent, administration expenses, legal and professional fees.

**Growth phase/expansion**

Funds at this stage are required for marketing, training, product diversification, provision for specialised services and rent.

**Maturity stage**

Fund at this stage are needed for advertisements, research and development, training, innovation and creativity, rent and specialized labour.

**Decline / death**

At this stage, funds are required for diversification activities, re-engineering and rent.

***May 2014 Question one A***

**QUESTION 5**

1. **Stages involve in the pre-startup phase of a new business venture** 
   * 1. **Idea Generation Stage**

This is the preliminary stage for the business. Here, the entrepreneur does a lot of ground work to assess the viability of the venture he is about to get in to. At this stage, the entrepreneur is expected to come up with the business idea. Several needs may require to be fulfilled but the entrepreneur may not meet all of them; it becomes necessary at this stage to select the most viable business idea from the many available.

This stage may involve creativity and assessment of various ideas. It is at this stage that an entrepreneur decides on the business mission, scope and direction. This means, an entrepreneur gives the prospective business a purpose. Some purposes may include provision of quality goods and services and to make profit.

He will carry out due diligence to ensure he has taken all important factors into account before setting off the business. He will incur expenses to execute some of these important activities. He may for instance require the services of a legal representative to acquire land. He may also hire the services of a surveyor if he wants to build his own premise. If he will hire personnel to assist in running the business, he should ensure that he has sufficient funds to pay them for at least 6 months. He may need to get a loan to do this.

* + 1. **Start – up stage**

Activities at the start up stage may involve preparation of a formal business plan, registration of the business, sourcing capital, recruiting staff and designing the product. At this stage, business may also launch the product and sign up with distributors or dealers.

At this stage, the entrepreneur has already set the business up. The business is operational despite the setbacks that befall all businesses that start up at the initial stages. The entrepreneur realizes that he may need to make adjustments in order to survive. He may see the need to insure the property in case he hadn't. He may also realize that he does not need an extra staff hence he may cut down on that, sales may be slow in picking up, so he may decide to come up with new marketing strategies, he may see the need to have proper records for tax purposes.

* + 1. **Growth stage**

At the growth stage of business common experiences may include:

* Increased sales and profits
* Wider market coverage in terms of geographical regions
* A growing number of employees
* Variety of products/ services
* Increased competition
* Need for additional expenditure

During this phase, the business will experience rapid growth as customer needs become the main focus for the entrepreneur. It is at this stage that he will realize there is need to gain a competitive edge in order to make more sales. The entrepreneur at this stage may think seriously about automating his operations, hiring professionals like accountants, perhaps even expanding the business. The signs that these requirements are necessary will be felt by the growing need to meet the increasing and dynamic needs of the customers.

* + 1. **Stabilization Stage**

At this stage, the business sales and profits stagnate. The business may also experience intensified competition.

* There is also market saturation by similar (“look alike”) products.
* Consumers indifference to the product
* Sales may decline and consequently may decline.

This is the phase that determines whether the business has managed to meet its long term objectives and a period to assess how successful the short term objectives have been met. At this stage, the entrepreneur is more concerned about corporate governance issues and how this impacts on customer needs. He will also be concerned with the management of the business in various departments such as finance, sales and marketing. The entrepreneur will have his sights on a higher level of competition with other firms that belong to a higher circle, hence he see the need of turning the business into a public limited company in order to compete as such levels.

This model can be applied to the growth or otherwise of a firm. The entrepreneur thus needs to ensure that the business opportunity he has before him has a road map charted in advance and based on due diligence. This does not mean that every firm will follow the above model. The entrepreneur needs to be aware of the possible outcomes.

* + 1. **Innovation Stage**

Organizations that fail to innovate at stabilization stage are likely to decline. To ensure the firm comes back to growth, the entrepreneur is required to re- look at the ways business has been conducted. The aim is to undertake activities differently and rescue the firm from decline. It is expected that innovative strategies would ensure accelerated growth.

Among innovative attempts include:

* **Change of management**

The aim is to bring new and better ideas that will ensure the firm is back to the growth path.

* **Re- package the product/ service**

This would ensure the market gets the impression of a new product that is modified and better than the former. It is also a strategy of winning customers back from competitors.

* **Change the technology**

The aim of new technology is to ensure efficiency in production and enhance customer service. It is important that the entrepreneur chooses a technology that matches the type of business he is doing.

* **New distribution methods**

The firm may also design new distribution methods. Changing the distribution strategy would ensure customers access their products at the convenient places especially providing personalized distributions to customers or even ensuring twenty four hour service to customers.

* **Advertise and promote differently**

The firm may decide go to different regions and promote its product or services.

***June 2013 Question One B***

**QUESTION 6**

1. **Reasons why government levy taxes**

* **Defense Spending**

One of the roles of government is to provide for a national defense. Most governments today do this by creating a military. The costs of maintaining a standing army are significant and include the costs of training, housing, equipping and paying soldiers for their services to the country. Defense spending also includes the cost of developing new technologies that can be used for military purposes such as more effective weapons and unmanned technologies.

* **Retirement Programs**

A significant chunk of the annual federal budget goes toward paying for retirement programs like Social Security. Social Security provides retirement benefits to individuals who have paid into the retirement systems over the course of their working lives. In addition to Social Security, the government also must pay for pension plans for former government employees who are now retired.

* **Interest Payments**

Many governments have borrowed significant amounts of money and must pay interest on that debt. This debt is held by a variety of people and organizations including private citizens, government agencies and foreign governments.

* **Altering Behaviour**

The tax laws in any country are used to alter behaviors in addition to raising revenues. Individuals have a limited supply of money and so increasing taxes on behaviors the government dislikes can restrict people from participating in them. For example, when a government wants to reduce cigarette smoking, it can increase the taxes on cigarettes making them more expensive for people to buy. If a government wants to increase the number of companies that offer health care to their workers, it may pass a law offering increased tax deductions for payments that went toward workers health care.

1. **Features of a good financial plan**

* **Simplicity**

The financial plan of a business should be as simple as possible. By 'simplicity' we mean that the plan should be easily understandable to all and it should be free from complications, and/or suspicion-arising statements. At the time of formulating capital structure of a business or issuing various securities to the public, it should be borne in mind that there would be no confusion in the mind of investors about their nature and profitability.

* **Foresight**

The planner should always keep in mind not only the needs of 'today' but also the needs of 'tomorrow' so that a sound financial plan may be formed. Capital requirements of a business can be estimated by the scope of operations and it must be planned in such a way that needs for capital may be predicted as accurately as possible. Although, it is difficult to predict the demand of the product yet it cannot be an excuse for the promoters to use foresight to the best advantage in building the capital structure of the company.

* **Flexibility**

The financial structure of a company must be flexible enough to meet the capital retirements of the company. The financial plan should be chalked out in such a way that both increase and decrease in capital may be feasible. The business may require additional capital for financing scheme of modernisation, automation, betterment of employees etc. It is not difficult to increase the capital. It may be done by issuing fresh shares or debentures to the public or raising loans from special financial institutions, but reduction of capital is really a ticklish problem and needs statesman like dexterity.

* **Intensive use**

Effective use of capital is as much necessary as its procurement. Every 'paisa' should be used properly for the prosperity of the enterprise. Wasteful use of capital is as bad as inadequate capital. There must be 'fair capitalisation' i.e., company must procure as much capital as requires nothing more and nothing less. Over-capitalisation and under capitalisation are both danger signals. Hence, there should neither be surplus nor deficit capital but procurement of adequate capital should be aimed at and every effort be made to make best use of it.

* **Liquidity**

Liquidity means that a reasonable amount of current assets must be kept in the form of liquid cash so that business operations may be carried on smoothly without any shock to them due to shortage of funds. This cash ratio to current ratio to current assets depends upon a number of factors, e.g., the nature and size of the business, credit standing, goodwill and money market conditions etc.

* **Economy**

The cost of capital procurement should always be kept in mind while formulating the financial plan. It should be the minimum possible. Dividend or interests to be paid to share holder (ordinary and preference) should not be a burden to the company in any way. But the cost of capital is not the only criterion, other factors should also be given due importance.

1. **Business life cycle**

Business life cycles refers to the phases that a business passes from the time the idea is formed in the entrepreneur’s mind to the time business rolls and expands or even declines.

Many businesses go through six stages in their life. Others may go through five stages:

Innovation stage

Stabilization stage

Growth stage

Startup stage

Idea generation stage

Decline Stage

* 1. **Idea Generation Stage**

This is the preliminary stage for the business. Here, the entrepreneur does a lot of ground work to assess the viability of the venture he is about to get in to. At this stage, the entrepreneur is expected to come up with the business idea. Several needs may require to be fulfilled but the entrepreneur may not meet all of them; it becomes necessary at this stage to select the most viable business idea from the many available.

This stage may involve creativity and assessment of various ideas. It is at this stage that an entrepreneur decides on the business mission, scope and direction. This means, an entrepreneur gives the prospective business a purpose. Some purposes may include provision of quality goods and services and to make profit.

He will carry out due diligence to ensure he has taken all important factors into account before setting off the business. He will incur expenses to execute some of these important activities. He may for instance require the services of a legal representative to acquire land. He may also hire the services of a surveyor if he wants to build his own premise. If he will hire personnel to assist in running the business, he should ensure that he has sufficient funds to pay them for at least 6 months. He may need to get a loan to do this.

* 1. **Start – up stage**

Activities at the start up stage may involve preparation of a formal business plan, registration of the business, sourcing capital, recruiting staff and designing the product. At this stage, business may also launch the product and sign up with distributors or dealers.

At this stage, the entrepreneur has already set the business up. The business is operational despite the setbacks that befall all businesses that start up at the initial stages. The entrepreneur realizes that he may need to make adjustments in order to survive. He may see the need to insure the property in case he hadn't. He may also realize that he does not need an extra staff hence he may cut down on that, sales may be slow in picking up, so he may decide to come up with new marketing strategies, he may see the need to have proper records for tax purposes.

* 1. **Growth stage**

At the growth stage of business common experiences may include:

* Increased sales and profits
* Wider market coverage in terms of geographical regions
* A growing number of employees
* Variety of products/ services
* Increased competition
* Need for additional expenditure

During this phase, the business will experience rapid growth as customer needs become the main focus for the entrepreneur. It is at this stage that he will realize there is need to gain a competitive edge in order to make more sales. The entrepreneur at this stage may think seriously about automating his operations, hiring professionals like accountants, perhaps even expanding the business. The signs that these requirements are necessary will be felt by the growing need to meet the increasing and dynamic needs of the customers.

* 1. **Stabilization Stage**

At this stage, the business sales and profits stagnate. The business may also experience intensified competition.

* There is also market saturation by similar (“look alike”) products.
* Consumers indifference to the product
* Sales may decline and consequently may decline.

This is the phase that determines whether the business has managed to meet its long term objectives and a period to assess how successful the short term objectives have been met. At this stage, the entrepreneur is more concerned about corporate governance issues and how this impacts on customer needs. He will also be concerned with the management of the business in various departments such as finance, sales and marketing. The entrepreneur will have his sights on a higher level of competition with other firms that belong to a higher circle, hence he see the need of turning the business into a public limited company in order to compete as such levels.

This model can be applied to the growth or otherwise of a firm. The entrepreneur thus needs to ensure that the business opportunity he has before him has a road map charted in advance and based on due diligence. This does not mean that every firm will follow the above model. The entrepreneur needs to be aware of the possible outcomes.

* 1. **Innovation stage**

Organizations that fail to innovate at stabilization stage are likely to decline. To ensure the firm comes back to growth, the entrepreneur is required to re- look at the ways business has been conducted. The aim is to undertake activities differently and rescue the firm from decline. It is expected that innovative strategies would ensure accelerated growth.

Among innovative attempts include:

* **Change of management**

The aim is to bring new and better ideas that will ensure the firm is back to the growth path.

* **Re- package the product/ service**

This would ensure the market gets the impression of a new product that is modified and better than the former. It is also a strategy of winning customers back from competitors.

* **Change the technology**

The aim of new technology is to ensure efficiency in production and enhance customer service. It is important that the entrepreneur chooses a technology that matches the type of business he is doing.

* **New distribution methods**

The firm may also design new distribution methods. Changing the distribution strategy would ensure customers access their products at the convenient places especially providing personalized distributions to customers or even ensuring twenty four hour service to customers.

* **Advertise and promote differently**

The firm may decide go to different regions and promote its product or services.

* 1. **Decline Stage**

This stage is not in the normal plan of business. The entrepreneur does not foresee business declining at the start- up stage. Some of the experiences at this stage include:-

* **Drastic fall in sales and profits**

This is as a result of customers moving to competitors and in large numbers. It is also a result of consistent expenditure against limited income.

* **Consumer indifference to the product/ service**

This means consumers no longer prefer the product to competing brands. The entrepreneur may experience huge stocks of unsold product.

* **Inability to meet bills/ debts as they fall due**

This arises from persistent low income or losses against increased expenditure.

* **Key management staffs leave the organizations.**

This may result from the organizations inability to remunerate top managers or provide them with adequate facilities for their performance of various tasks.

***December 2012 Question Three***

**QUESTION 7**

1. **i) Limitations of using social media networks in an enterprise**
2. You will need to commit resources to managing your social media presence, responding to feedback and producing new content
3. It can be difficult to quantify the return on investment and the value of one channel over another
4. Ineffective use - for example, using the network to push for sales without engaging with customers, or failing to respond to negative feedback - may damage your reputation
5. The wrong online brand strategy could put you at a [viral social disadvantage](http://blog.thoughtpick.com/2009/06/10-social-media-campaigns-that-failed-avoid-their-mistakes.html) and may even damage your reputation, i.e. when you make a mistake offline, a few will know but when you make a mistake in front of hundreds or thousands of you online audience, most of them will know!
6. Using social media for marketing and advertising could be more time consuming than companies expect.
7. In order to get social media’s full effect, you need to understand how it works, [when and how to use it](http://blog.thoughtpick.com/2009/06/10-social-media-campaigns-that-rock-learn-how-to-do-the-same.html) and which channels to focus on depending on your end goal of using social media.
8. Social media can have a negative influence on [worker productivity](http://blog.thoughtpick.com/2009/08/should-twitter-youtube-facebook-be-banned-from-the-workplace.html)**.** Employees may waste valuable time using social media channels such as Facebook and Twitter. They can also use social media to attack the company’s reputation!
9. When social media is used excessively or in the wrong way, it could have serious detrimental outcomes on both [mental](http://blog.thoughtpick.com/2009/08/social-media-mental-health-are-our-minds-safe.html) and even [physical](http://blog.thoughtpick.com/2010/07/facebooktwitter-does-help-criminal-minds-find-you.html) health of individuals.

**ii) Six measures that should be put in place in order to make an on-line business networking more beneficial to an enterprise**

**1. Monitor your online persona**

Just like you update your resume on a regular basis, you need to periodically run a web search on your own name to see what turns up in your online persona. Sometimes you can get erroneous information corrected, but often the easiest strategy is to make sure there is lots of accurate, current information about you, so the older, inaccurate information gets pushed further down in the search results.

**2. Build quality relationships**

Just because your profile is connected to someone else’s profile online, it doesn’t mean you have a personal connection with them. True networking is not about maximizing the number of electronic connections, but about building quality relationships with fellow professionals. Take the time to comment on your connections status updates, answer questions in discussion groups, and forward information they will find useful.

**3. Etiquette counts**

When joining a new forum or trying out a new online tool, do your homework first. Just like you wouldn’t run a new reaction without reading the literature, learn the written and unwritten rules for a new community before jumping in. Some communities are highly structured and formal, and posting anything personal or off-topic will immediately brand you an outsider. Others are much more casual, and off-topic personal comments are allowed, or even expected. Knowing the tenor of the group, and how personal or professional members are, will allow you to frame your postings appropriately and appear neither too aloof nor too flippant.

**4. Contribute**

Just reading discussions is useful for you, but adding to the conversation allows you to help others. As you contribute meaningful information, insights and resources, you are also building your own reputation as a knowledgeable expert, increasing the amount of positive information about you online, and making it even more likely that people will be able to find you.

**5. Think before you post**

You may delete or forget what you wrote, but the internet will not. In addition, what you send privately to one person may be forwarded over and over again. Assume everyone will see anything you write. If you want to make sure it stays private, make a phone call, or just don’t say it. The bottom line is that as long as you don’t do anything online that you wouldn’t do in person, online networking can be a great way to nurture and expand your professional network.

**6**. **Integrate social media into your overall business and marketing plans.** Determine how they can work together to effectively meet your business goals.

**b) Five strategies which could be adopted by a local enterprise to become a multinational company**

**Branches**

Branches are the more straightforward way to expand to another country. Simply take some cash, get the pertinent business licenses, hire a localization team, and set up a branch in a foreign country.

**Subsidiaries**

If you company is cash rich, then acquisitions may be a better strategy than establishing branches. Acquiring a local company for the purpose of vertical or horizontal integration is fast and comparatively easy, provided that you plan to leave the original business (branch management, infrastructure) intact. By making the acquired company your subsidiary, you have the advantages of instant localization, name recognition and an experienced team at the helm. However, do your homework before acquiring a subsidiary, lest your company experience acquisition indigestion.

**Joint Venture**

Perhaps you don’t want to purchase local companies due to the hefty price tag. Maybe a local competitor, which cannot be acquired, is already dominating the market. In this case, the old adage “if you can’t beat ‘them, join ‘them” comes into play. Establishing a joint venture – or a partnership with a foreign company in the same industry – is an attractive option. Both companies set aside capital, resources and technology in a new, shared company which is separate from the main operations at both companies. This is a popular option in countries, such as China, where the law is extremely strict with foreign businesses. Joint ventures have all the advantages of foreign acquisitions – such as localization and brand recognition – at a fraction of the cost. Most joint ventures split expenditures and profits 50/50.

**Franchises**

A foreign affiliate will purchase a license from your company to use your brand in a foreign country. While the foreign affiliate retains ownership of your branded business, your company will receive royalties from each franchise. Franchising is the cheapest option, and the fastest way to build an established presence in a foreign country with minimal risk. The higher risks (sales, profitability) are all absorbed by the foreign affiliate. However, foreign franchises have to be monitored closely, since the geographic and cultural divide can mask brewing problems.

**Turn Key Projects**

Turn key projects are more common in businesses requiring precise technological expertise – such as power plants, factories or oil drilling platforms. In this setup, your business sells its technological know-how to a foreign firm, which pays your company to build a modified copy of your plant to their specifications, from scratch to the operational stage. This includes all of your technologies and trade secrets. Once the plant is completed, you hand over the keys to the fully working plant to the foreign firm. All they have to do is “turn the key” to get started. While selling factories is extremely profitable, you also forfeit your own direct expansion plans in the country, due to another firm already holding the license to your technology. This is the trickiest of the five criteria and the one you’re least likely to encounter, unless your company specializes in mass production or resource exploration plants focused on developing markets.

***May 2012 Question Three***

**QUESTION 8**

1. **The negative effects of the uncontrollable upward trend in prices of goods and services on entrepreneurship are;**

* Investment and long term economic growth is discouraged. This is because of the uncertainty and confusion that is more likely to occur during periods of high prices of goods and services.
* An economy can be rendered un competitive. This is particularly important for countries in the Euro-zone because they can’t devalue to restore competitiveness.
* Reduced value of savings. Increase in prices leads to a fall in the value of money. This makes savers worse off and can lead to a redistribution of income in society.
* Menu costs of changing prices lists. Not so Significant with modern technology

**b) The importance of a good organizational structure**

An organizational structure shows the authority and the responsibility relationships between the various positions in the organization by showing who reports to whom**.**

**Importance**

1. An organization structure allocates authority and responsibility. It specifies who is to direct whom and who is to report to whom.
2. It lays down the pattern of communication and coordination in the enterprise
3. It determines the location of centres of decision making in the enterprise
4. A sound organization structure facilitates growth of the enterprise by increasing its capacity to handle increased level of activity

**c) Churchill and Lewis Model of Business Growth**

**Conception/existence**

At conception the business owner is in actual sense the business and he/she is responsible for ensuring that everything happens. This stage is defined by the sole intention of survival and features minimal levels of formal planning and defining of systems. It is at this stage that many businesses fall and are thus unable to reach stage 2.

**Survival**

Here the business has grown into a workable entity but the lead agenda is still survival. The Churchill and Lewis growth model provides that the business will have a simple organizational structure under the leadership of the owner who is still the face of the business. The few persons employed, including perhaps a sales manager or foreman, don't have the power to make decisions and will do according to what the owner sees fit. The level of formal planning is still limited. Many businesses will remain at this stage and another good number will also see profitability and progress to stage 3.

**Profitability and stabilization**

At this stage the business is large enough and the owner will need to hire some managers to take over some of his/her responsibilities. The owner will work through this management team and will develop strategies intended to have him/her maintain control over operations. This sort of control will however not be possible in the event of further growth and subsequent hiring of more managers. The Churchill and Lewis growth model posits that the owner and the business will begin to acquire separate identities and will no longer be synonymous with each other.

**Profitability and growth**

Many firms will dwell at the previous stability stage for extended periods until such a time when the owner decides to strengthen the business by marshaling enough resources to take it to this growth stage. The owner will now be forced to tackle the twin agendas of ensuring profitability and finding worthy managers who can help take the business to the next level.

**Take-off**

At this stage the Churchill and Lewis growth model posits that many owners end up being unsuccessful in their quest to manage the business. A pivotal stage, failure at take-off normally occurs due to attempts at growing the business too rapidly or the inability to have effective delegation. Some owners who realize the magnitude of the challenge in time will resort to selling off the business. Alternatively, investors and creditors with a stake in the business will move to replace the owner. The business may move forward if appropriate actions are taken in time but failure to do so may see a relapse to stage 4.

**Maturity**

Here the owner and the business are completely distinct. The business has a decentralized structure and appropriate structures in place. There are enough resources to sustain profitability and the main agenda is to ensure that a twin-pronged combination of an entrepreneurial spirit and response flexibility is embraced for the achievement of more growth. According to the Churchill and Lewis growth model, failing to do this will result in ossification which features the unhealthy traits of risk avoidance and absence of innovation

***November 2011 Question Three***

**QUESTION 9**

1. **Limitations associated with a franchise arrangement**

* A number of restrictions are imposed upon the franchisee. Restrictions may be   
  confined to product line or a geographical area.
* Franchisees find no room for enjoying their creativity. They have to work as per the given format.
* The franchiser is dependent on the franchisee for the success of the business.   
  The franchisee may fail with the failure of the franchiser.
* Franchisees do not have the right to sell their business to the highest bidder or leave it to a family member.
* The franchisee has to pay a continuing fee regardless of any loss the business may incur.

1. **Factors that an entrepreneur should consider before making a business acquisition**

**Enterprise costs**

Includes all potential expenses and capital expenses of an acquisition

**Experience**

Having experience relevant to the proposed venture is often essential.

**Location**

Most entrepreneurs acquire businesses near their homes rather than pursue   
unfamiliar markets.

**Nature of the business**

If parallel among existing enterprises, an acquisition with some modification may result in good profits.

**Business risk**

Entrepreneurs try to account for risk that can influence the valuation and price of an acquisition.

**Personal risks**

New owners always assume that they will succeed where others have failed.

***May 2011 Question Two***

**QUESTION 10**

1. **Behaviors exhibited by employees which indicate the need for team   
   building work.**

* **Constant conflicts among the workers**
* **Communication breakdown between employees**
* **low morale among the employees**
* **Lack of empowerment to get the job done**
* Rising case of staff that skip team or staff meetings frequently, and contribute little when they do attend.
* Where employees do not clearly understand their roles
* Inability to meet deadlines

***November 2010 Question Two B***

**QUESTION 11**

1. **Measures that an entrepreneur could put in place to minimize bad debts arising from dishonored Cheques issued by debtors.**

* Inspect the cheque itself when one is presented. Make sure the cheque appears to be valid on its face.
* Check the signature on the cheque against the signature on the identification presented.
* Make sure the written amount on the face the cheque matches the numerical amount.
* Accept only cheques from credit worthy customers.
* Accept only where possible a bankers cheque.
* Ensure that funds are available in the debtors account before accepting cheque payments.
* Hold on to goods or service until the cheque is banked and has cleared especially for new clients.
* Review the debtors past history before accepting a cheque from the same debtor.

1. **Market entry strategies available to an entrepreneur at the start-up stage of the business cycle.**

**Licensing**

Licensing is defined as "the method of foreign operation whereby a firm in one country agrees to permit a company in another country to use the manufacturing, processing, trademark, know-how or some other skill provided by the licensor".

**Offer something new**

Provide something that doesn't already exist in the marketplace. It doesn't have to be completely original. Perhaps the entrepreneur should serve a previously untapped consumer group or cater to a specific niche.

**Cost leadership Strategy**

This strategy calls for being the low cost producer in an industry for a given level of quality. The entrepreneur sells products at average industry prices to earn a profit higher than that of rivals. In the event of a price war, the entrepreneur can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the entrepreneur that can produce more cheaply will remain profitable for a longer period of time.

**Price differentiation**

Fill a gap by providing a product or service with a selling price lower than anyone else. The entrepreneur could target a low income group by using a price strategy that attempts to undercut existing suppliers. If an entrepreneur uses this strategy, his business is striving to maximize profits through volume.

**Quality Differentiation**

A quality differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or superior to the products of the competition. The value added by the uniqueness of the product may allow the entrepreneur to charge a premium price for it.

**Focus Strategy**

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. An entrepreneur using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Entrepreneurs pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

**A combination Quality, cost and price differentiation**

If an entrepreneurship differentiates itself by supplying very high quality products at a low price, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the entrepreneur would risk projecting a confusing image. This is a strategy that continues to be tried by many entrepreneurs without success and is not advisable.

**Join an existing Franchise**

An entrepreneur can join 'an existing franchise and pay royalties for the brand name.

***May 2010 Question Three B And C***

**TOPIC 4**

**ENTREPRENEURIAL AWARENESS AND MOTIVATION**

**QUESTION 1**

1. **(i) In relation to business combinations, distinguish between "backward integration" and "forward integration".**

A form of vertical integration that involves the purchase of suppliers. Companies will pursue backward integration when it will result in improved efficiency and cost savings. For example, backward integration might cut transportation costs, improve profit margins and make the firm more competitive.

The main difference between forward integration and backward integration is focus. When companies are looking forward they are usually looking to expand their distribution or improve the placement of their products, while backward movement usually involves internal steps to reduce overall dependency on things like [suppliers](http://www.wisegeek.com/what-are-suppliers.htm) and service providers. Stated differently, forward integration focuses on the manner in which a company oversees its product distribution, while the backward form concentrates on how a company regulates its goods and supplies.

**(ii) Six benefits of backward integration to an enterprise.**

* cut costs
* improve profit margins
* make the firm more competitive.
* improve efficiency
* entry barrier

1. **Five methods of procuring goods and services.**
2. **Open Tendering**- A bidding process that is open to all qualified bidders and where the sealed bids are opened in public for scrutiny and are chosen on the basis of price and quality. Also called competitive tender or public tender.
3. **Restricted Tendering-Invitation to bid (ITB)** sent only to selected contractors, sellers, or vendors who have been pre-qualified through a screening process. Also called restricted bidding
4. **Request for Proposals**- Price quotations are secured from vendors/suppliers by means of an "Invitation to Bid" or “Request for Proposal” document. Goods and services are solicited for a period of specified time. Award is made to the lowest, responsible bidder.
5. **Two-stage Tendering**, is used to allow early appointment of a contractor, prior to the completion of all the information required to enable them to offer a fixed price.

The objective of contract procurement is broadly to identify an appropriately skilled contractor and to secure an appointment on the basis of the right team, agreed costs, programme and appropriate transfer of risk.

1. **Request for Quotations**, Price quotations are secured from vendors/suppliers by means of a "Request for Quote". The purpose is to invite suppliers into a bidding process to bid on specific products or services.
2. **Single-source Procurement**. Award for supply of a good or service that can only be purchased from one supplier because of its specialized or unique characteristics.

***December 2014 Question Three***

**QUESTION 2**

1. **SIX reasons why an entrepreneur could prefer a written business contract over an oral contract.**
2. Help to prevent misunderstandings or disputes by making the agreement clear from the outset
3. **Provides a handy reference**
4. **Makes for easier enforcement if you want it.** A written agreement is much easier to enforce than an oral agreement. This is a benefit of writing things down, but it can also lead to anxiety.
5. **Helps prevent forgetfulness.**Putting information and decisions on paper means keeping less of it in your head; there's a limit to how many details we can keep organized in our brains. Even with people whom you trust completely, you may have had the experience of remembering the same event or conversation differently. Making a written agreement is an easy way to avoid confusion and potential conflict.
6. **Minimise risk** - It reduces the risk of ambiguity and clearly sets out each party’s rights and obligations. Also reduces the risk of a dispute by detailing payments, timeframes and work to be performed under the contract
7. Sets out clearly how disputes will be resolved, how the contract can be varied and how either party can end the contract before the work is completed.

***December 2014 Question One B***

**QUESTION 3**

* McClelland in the theory of achievement motivation identified doing things in a new and better way and decision making under uncertainty as two important characteristics of entrepreneurship.
* McClelland stressed that people with high achievement orientation were more likely to become entrepreneurs.
* According to McClelland, entrepreneurs are not influenced by money or external incentives but the need to achieve
* The sources of high need to achievement include parents encouraging independence in childhood, praise and rewards for success, association of achievement with positive feedings and association of achievements with one's own competence and effort and not luck.
* An entrepreneur should put forward some objectives to be achieved by employees and encourage them to achieve them.

***May 2014 Question three A***

**QUESTION 4**

**(b) Sources of franchise related revenue to a franchisor**

* Initial franchise fees which is a single fee payment by the buyer to acquire the franchise rights.
* Royalties which is an on-going income derived from sales. They are structured as a percentage of gross sales.
* Products and supplies provided to franchises. The franchisor has the ability to buy materials in bulk, distribute them efficiently and guarantee quality. Products/materials are sold to the franchisees at a gain.
* Services to the franchisees: Usually franchise agreements specify certain basic services provided by the company for which franchises pay a retainer or periodic fee. For example: Purchasing contracts, legal assistance and benefit planning.
* Promotional fees; the national promotion and advertising fees are specified in the franchise agreement. They are part of the franchisors' marketing program

***May 2014 Question two B***

**QUESTION 5**

**b) Internal and external factors which motivate individuals to develop entrepreneurial behaviour**

**Internal factor include:**

* **Positive Thinking**

A positive attitude can motivate you to accomplish your business goals. It is a must for entrepreneurs starting their own small businesses, as there are always many obstacles to conquer on the way to establishing your own venture. Adopt a positive mindset if you are not an optimist by nature. Do this by banishing negative thoughts, working with upbeat persons and reminding yourself of your strong points on a daily basis.

* **Reaching Objectives**

Setting goals is a great self-motivator. Make strong goals and focus on them to push yourself to succeed. Plan how you will achieve the goals and set a specific time frame. Remind yourself frequently regarding what you are working for to keep yourself on track. Reaching incremental steps along the way to overall goals helps keep you inspired. Plan personal rewards for each objective met, such as taking a weekend trip or celebrating at a favorite restaurant.

* **Security**

Basic survival is a primal self-motivator. The need to provide food, clothing and shelter for yourself propels you to work. Providing for a family, as well, can be particularly motivating. You tend to work harder and accomplish more when you know others depend on you for their needs.

* **Recognition**

Most people enjoy the recognition that comes with a job well done. When others notice your achievement and comment on them, your motivation to excel at an even higher level is triggered. Praise and appreciation is important to spur on your efforts. Share your accomplishments with those who care about you in order to satisfy your personal need for acknowledgement.

**External factors include:**

* **Financial Rewards**

Commissions, bonuses, stock options and employee stock plans are compensatory rewards used to motivate the entrepreneur. Within the range of extrinsic motivations, these are "carrots." The drive for money and success can often get people's feet marching.

* **Praise and Recognition**

Some people aim to please. And nothing pleases them more than receiving praise for their hard work. This extrinsic motivation is one of the strongest, most common motivations in the business. Numerous studies show recognition and praise contribute more to job satisfaction than financial incentives. Regularly delivering sincere and genuine compliments is a strong extrinsic motivational method.

* **Peer Pressure**

The pressure to feel accepted and valued can in fact be a motivator. In business, it may be the reason people work their hardest--to keep up with their team--or why they take longer or shorter lunches.

* **Consequences and Punishment**

When the heat's on, many people take action or step up their performance. Knowing the client will be if the work is not properly done or if the services are not delivered on time may act as an extrinsic motivation.

***June 2013 Question Four B***

**QUESTION 6**

**c) Factors an entrepreneur should put into consideration before deciding on the form of business**

* **The type of business owners**

Will the business be owned by individuals, corporations, trusts, Kenya residents, foreign residents, or other entities? This factor is important because certain business entities (primarily S corporations) are not available to certain types of owners.

* **The number of business owners**

Will there be one owner, a few owners, or numerous owners. This factor is important because certain types of business entities are not available to one-owner businesses and other types of entities are either not available or not practicable if the number of owners is too high.

* **The primary purpose of the business venture**

Is the primary purpose of the business to provide employment for the business owners or is investment the primary purpose? Is the primary purpose of the business the same for each owner or are some of the owners involved primarily for employment purposes and others primarily for investment or other purposes? This is important because the business entity must be capable of being structured so as to accomplish the purposes of all of the owners.

* **Whether the business is startup or existing**

If the business is already in existence, certain types of entities might not be feasible because of the impracticality of reorganizing the business into that entity. For example, if an existing business is being operated as a corporation, it may not be practicable (taxwise) to reorganize the business into an LLC or partnership.

* **How the business will be capitalized?**

Will it be capitalized primarily by debt or equity? If it will be capitalized primarily by debt, an LLC, partnership, or S corporation might be preferable to a C corporation because a portion of the debt may be includible in the tax basis of the owners’ interest in the business.

* **The importance to the owners of pass-through taxation**

If this is important, a C corporation should not be used. If the owners anticipate net losses in the business operation during its early years and if it is important to the owners that these losses be passed directly to them in the year of incurrence, then a C corporation should not be used. An LLC, partnership or S corporation will clearly be preferable in this instance.

* **The importance to the business owners of personal liability protection**

If it is important to the owner or owners that they not be personally liable for the unassumed debts and liabilities of the business, then a sole proprietorship or general partnership should not be used unless the partnership is a limited liability partnership. As a practical matter, from a personal liability standpoint, it is almost never advisable for an individual to operate as a sole proprietor.

***December 2012 Question Four C***

**QUESTION 7**

* + 1. **Sources of internal capital**
* **Personal savings**

This refers to the owner must have worked and saved income overtime in order to accumulate enough to start a business.

* **Sale of personal assets**

This may mean selling part of the owner’s idle or under-utilized assets. The same assets may also be converted for use in business. They may not be money but are representation of money therefore the owner’s contribution.

* **Family/ relatives and friends**

This is a popular source of equity financing. Friends and family in most cases are not worried about quick profits as professional investors are. However, one should be careful when using money from friend’s family because some may want to get involved in running the business. It may also create conflict and disharmony in families.

* **Operating Income**

A better source of capital for a company than debt or equity is a positive operating income from quarter to quarter. This is because the company is generating that positive operating income from its own successful business operations. Operating income is also known as earnings before interest and taxes or EBIT. Operating income or EBIT is used to determine how successful the firm's business actually is.

Positive operating income will generate cash reserves for the firm and eliminate the need for debt or equity financing which is the best of all scenarios for a business firm.

***December 2012 Question Four A***

**QUESTION 8**

1. **Non-financial incentives that entrepreneurs could use to motivate employees**

* Personalized plaque
* Trophy
* T-shirts with company logo
* Gift Certificates
* Standing ovation
* Balloons
* Photograph of employee displayed in a prominent place
* Parking spot
* Lunch with boss, CEO, manager, etc.
* Recognition among other co-workers
* Additional paid vacation days
* Praise for good work
* Recognition
* Job autonomy

***December 2012 Question Two A***

**QUESTION 9**

1. **Five roles that entrepreneurs could play as an innovator in an enterprise**

* To create new products
* To create new customer demand
* To build strong teams capable of constant innovation
* brand development
* With markets and technology changing fast, and good ideas quickly copied, there is continual pressure to devise new and better products, processes and services faster
* Help in Product differentiation

1. **Five factors that an entrepreneur would consider before going public**

In deciding whether to go public, a corporation must determine whether it is realistically in a position to support a successful public offering. The following are some of the factors that should be considered in the decision-making process and are elements that could prove critical to the success of the offering.

**Potential**  
While it is clear that ideal candidates for successful public offerings are companies with a consistent record of growth over several years, many development stage companies with innovative products and services (such as in the software, Internet or biotechnology sectors) have successfully raised funds based on the potential of their business and management. Thus, a corporation with a short financial history can attract investor interest by showing a strong momentum in sales and profits and by being able to identify anticipated growth opportunities and competitive advantages.

**Size**A corporation must have a market value after the issue that is large enough to attract institutional investors.

**Assets**A corporation must have either a solid net worth supported by tangible assets or, if technology based, solid proprietary intellectual property with strong business prospects. The quality of a corporation’s patent portfolio and other intellectual property protection is critical.

**Business plan**A corporation must think about its longer-term business goals and whether going public is the best way to finance its growth. Prospective underwriters and investors, as well as securities regulators, will require that a corporation have a clear plan for the use of the proceeds from the issue. On occasion, a two-step process whereby a smaller private placement precedes the initial public offering may be more appropriate and financially advantageous, as it may reduce dilution to the founding shareholders.

**Market**The going-public process is typically heavily influenced by precedent. Having a good grasp of a corporation’s industry and market, as well as its competitive strengths and weaknesses, is critical to building a credible "case" with underwriters and potential investors.

**Management and board of directors**A corporation’s management must possess sufficient depth and experience to carry out a successful public offering. Prospective underwriters and investors are particularly interested in the strength of the management team. A corporation must therefore ensure that management is willing and able to assume the responsibilities involved in going public. In addition, changes to the board of directors and the establishment of appropriate committees of the board are very often required. Boards of directors play a significant role in both the management of public companies and in their public image. A corporation will often need to add to its board individuals with experience, expertise or the necessary independence.

**Corporate structure and governance**A corporation must consider whether its existing corporate, capital, management and governance structures are appropriate for a public corporation, as well as whether all of its corporate records and contracts are in order.

**Internal controls**A corporation must have internal controls, systems and procedures that are capable of supporting the demands associated with both the process of going public and the requirements to report reliable financial information to investors following the public issue.

1. **Explanation of patent process**

**How to apply for a patent**

Top of Form

An application may be filed with either a provisional or complete specification. The application should contain:

1. a request ([Form IP 3](http://www.kipi.go.ke/images/forms/patent_forms/formip3.pdf))
2. a description
3. one or more claims
4. one or more drawings (where necessary) and
5. an abstract

The following apply if an application is filed with a provisional specification

1. unless the applicant files a final specification within one year after the application is filed, the application should be deemed to have been withdrawn;
2. the final specification should not go beyond the disclosure in the provisional specification; and
3. the filing of the final specification should not affect the filing date accorded.

**Description**

The description should disclose the invention and at least one mode for carrying out the invention in such full, clear, concise and exact terms as to enable any person having ordinary skills in the art to make use and to evaluate the invention and that description should include any drawing and relevant deposits as in the case of micro-organisms and self-replicable material which are essential for the undertaking of the invention. The description should

1. state the title of the invention
2. specify the technical field to which the invention relates;
3. indicate the background art which, as far as it is known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention; and
4. indicate how the invention is industrially applicable

**Claims**

The claim or claims should define the matter for which protection is sought and should be clear and concise and fully supported by the description. In defining the matter for which protection is sought, a claim should set out

1. the technical features that are necessary to define the subject matter of the invention but that are part of the prior art; and
2. The technical features that, in combination with the features referred to in paragraph (1) above , define that for which protection is sought.

The features set out in the claim under paragraph (2)above  should be preceded by the words “characterized in that”, “characterized by”, “wherein the improvement comprises” or any other words to the same effect.

Claims should not rely in respect of the technical features of the invention, on references to the description or drawings. In particular they should not rely on such references "as described in part...of the description , or "as illustrated in figure... of the drawing".

A referenced  feature should be included in parentheses if the intelligibility of the claim can be increased by doing so.

If more than one claim is included in the application, the claims should be numbered consecutively in Arabic numerals.

An application may include a claim stating the essential technical features of an invention with one or more following claims setting out particular embodiments of the invention. The claims setting out particular embodiments of the invention should include a reference to the claim stating the essential technical features of the invention. The claims setting out particular embodiments of the invention should state the features that it is desired that those claims protect.

The claims should be grouped together to the extent possible and in the most appropriate way. If more than ten claims are included in the application, the application fee should be increased by the excess claims fee payable for each of the claims in excess of ten

**Drawings**

The drawings should comply with the following -

1. the drawings should not be coloured;
2. the lines of the drawings should be black, durable, uniformly thick and well-defined and should be drawn with the aid of drafting instruments;
3. the drawings, including their scale and the distinctness of their lines, should be such that all details can be distinguished without difficulty when the drawings are reproduced photographically at two thirds their actual size;
4. if the scale is given on a drawing, it should be given graphically;
5. cross sections should be indicated by hatching that does not impede the clear reading of the reference signs and reading lines;
6. all numbers, letters and other references signs should be at least .32 centimetres high and should be circled or within brackets or inverted commas;
7. if the drawings show a feature mentioned in the description, that feature should be denoted in the drawings by a reference sign and that reference sign should be used throughout the application to denote that feature;
8. the lettering on drawings should use the Latin alphabet or, where customary, the Greek alphabet;
9. the different figures in the drawings should be numbered consecutively in Arabic numerals independently of the numbering of the sheets on which the drawings appear; and
10. the drawings should not include text other than single words or phrases

**Abstract**

The abstract should merely serve the purpose of technical information; in particular, it should not be taken into account for the purpose of interpreting the scope of the protection sought.

The abstract should include the title of the invention; and a summary of the disclosure included in the description.  The summary should indicate the technical field to which the invention relates and the principal use or uses of the invention.

The abstract should be drafted in a way that it can be used efficiently for searching in the relevant technical field and so that it is possible for a reader to assess, from the abstract, whether the description should be consulted. The abstract should not include statements about the merits or value of the invention or about uses that are speculative.

If applicable, the abstract should include the formula that best characterizes the invention. Unless it is impractical, the abstract should not contain more than one hundred and fifty words.

***May 2012 Question Two***

**QUESTION 10**

**a) The benefits of amalgamation**

1. Reduce competition thereby cutting down cost of advertising for competing firms
2. Generate cost efficiency through economies of scale
3. It can be used to get out the target company of a difficult financial situation
4. After amalgamation the Market price of the stock can increase
5. Tax Benefits
6. Synergy Gains
7. Lower the labour costs, through staff reductions after amalgamation

**b) The measures for improving cash flow in an enterprise are as follows**

* Reducing the number of debt collection days while taking full advantage of creditor policy buy paying when credit amount is due and not earlier.
* Injecting more capital into the business.
* Using long term loan for financing fixed assets and long term investment and short   
  term loans for working capital.
* Avoid slow-paying Clients
* Conduct a background check to ensure that non-paying consumers are not added as clientele. Have clients fill out a simple credit application listing three credit references. Call references and inquire about the payment history. Only offer credit to consumers who pay on time. Deal with everyone else on a cash basis.

**c)** **Legal requirements to fulfill in order to continue in business**

1. Re-new licenses –Re-new licenses so as to continue operating the business
2. Pay taxes as required by the law
3. Labour laws -Comply with all the labour laws to avoid internal strikes.
4. Workman's Compensation Act - Register workers with trade unions.
5. Health and safety regulations –Adhere to healthy and safety regulations especially those that govern the work environment

***November 2011 Question Four***

**QUESTION 11**

**a) i) Global marketing**

The [process](http://www.businessdictionary.com/definition/process.html) of conceptualizing and then conveying a final product or [service](http://www.businessdictionary.com/definition/final-good-service.html) worldwide with the hopes of reaching the international [marketing](http://www.businessdictionary.com/definition/marketer.html) [community](http://www.businessdictionary.com/definition/community.html). Proper global marketing has the [ability](http://www.businessdictionary.com/definition/ability.html) to catapult a company to the next level, if they do it correctly. Different [strategies](http://www.businessdictionary.com/definition/strategy.html) are implemented based on the [region](http://www.businessdictionary.com/definition/region.html) the company is marketing to.

**ii) Common mistakes in global marketing**

**Lack of product market testing**

This is by far the biggest mistake in the marketing today by small and even large businesses. Great product ideas are always birthed from a thought. Successful ideas are birth from the market with a business ability to capitalize on the need. It is amazing how many companies decide on the product they will sell before ever checking to see if the potential market would be interested whether it is business-to-business or business-to-consumer. The reason for this common mistake is well placed in the question."Whose idea is the best idea? Well, everyone knows it is your own.". That's right, the seller falls in love with their own product and assumes the market will too. This thinking clouds the business ability objectively. It is better to take a subjective position to determine the true potential of any product market. Test the water and ask your customers and clients what they think. Survey a portion of your current clients and the general public. You owe it to the balance sheet! of the business and the products success.

**Neglecting to explain why your prices are lower**

In today's market, low price brings the question of how? How, can they sell it at a lower cost than their competitors? If a business fails to answer that question in their marketing strategy, customers immediately become suspicious of the quality of the product. Remember trust is a key factor in making a sale.

**Forgetting to make it easy for the customer to do business with you**

There is so much competition out there today; you should make sure the selling experience is better than the product. Too often businesses are forgetting this important detail. Why make the experience of the sale difficult and undesirable to do business with you when they can go elsewhere. Make things convenience for the customer. It is their hard earn cash, make the experience easy and enjoyable. Do not consume the customer's time. If you want to lose a customer, go ahead and waste their time or make them wait. Today's customers hate to wait and would rather pay the extra dollar or whatever with the competition if they can deliver faster efficient pleasant service. Consumers expect their shopping experience to be an enjoyable one. If you can make it fun and entertaining to do business with you, chances are they'll be back and possible bring a friend or two.

**Don't be a General Practitioner**

If you do not have a unique position, why would your customers be interested in you? Find a unique angel to your business, be great at it and stick with it. This is called a Niche. You can have a Niche product, service or market. Not everything under the sun has to be for the general market, it is not always the most profitable. But to have an advantage over your competitors you better know your Niche, know who your customers are, and how to target your market.

**Forgetting to set the stage for the repeat business**

This is an area where many businesses lose money. Businesses look for the first sale and rarely set the stage for repeat business. Remember to develop a "back-end" sales strategy. It's extremely important before you sell your first product to already have your follow-up product at the door and waiting. If your customer has purchased from you once, there is a good chance they will again. You have already established a certain kind of trust with your customer. Do not let them down and never rely on one primary product to carry your business unless it is a daily livelihood necessity like food and water. Product development is an integral part of any business. If you want to stay in business keep your present customers coming back for more through product development and highly effective customer service.

**If It's Not Broken. Don't Fix It!**

Why do businesses feel the need to change a marketing strategy that works? The fact is, it happens every day. Businesses find a winner and hope they can create a new one. Practice the notion of asking, "Is it broken?" if it is not leave it alone and use the strategy again. Now that is not to say that you should not test new marketing ideas, but never drop a winner because you are tired of using it or feel the market is tired of seeing it. If they are, trust me, sales will go down and you may probably receive a few emails or phones calls. Until those signs occur leave well enough alone.

**b) The benefits of corporate entrepreneurship are:**

It can be used to improve competitive positioning and transform corporations, their markets, and industries when opportunities for value-creating innovations are developed and exploited.

Companies build layers of advantage by combining distinctive bases for competitive superiority.

Innovation and new business development can be initiated by independent individuals or by existing enterprises.

***November 2011 Question Two***

**QUESTION 12**

**Requirements for registration of limited companies**

1. Proposed name must be reserved pending registration (Name can only be reserved for thirty days). Application for reservation should be made in writing and be accompanied with the requisite fee.
2. Documents for incorporation of company (i.e. memorandum and Articles of Association) should be drawn by a lawyer, who should submit the same to the Registry together with the prescribed forms and fees. These forms are obtainable at the Registry.
3. Certificate of Incorporation is processed within 7(seven) days of presentation of PROPERLY completed forms.
4. Refusal of registration is communicated in writing to the applicant.

**Note:** A registered company *MUST* forthwith comply with the requirements of the Companies Act, e.g. filing of Annual Returns.

**Registration Forms**

**Private Companies**

* [Form 203](http://www.attorney-general.go.ke/index.php?option=com_docman&task=doc_download&gid=4&Itemid=79) - Particulars of Directors and Secretaries.
* [Form 201](http://www.attorney-general.go.ke/index.php?option=com_docman&task=doc_download&gid=3&Itemid=79) - Notice of situation of Registered Office.
* [Form 208](http://www.attorney-general.go.ke/index.php?option=com_docman&task=doc_download&gid=5&Itemid=79) - Declaration Of compliance.
* [Statement of Nominal Share Capital form.](http://www.attorney-general.go.ke/index.php?option=com_docman&task=doc_download&gid=16&Itemid=79)

***May 2011 Question One B***

**QUESTION 13**

**b) Distinction between an acquisition and a merger.**

|  |  |
| --- | --- |
| **An acquisition** | **A merger.** |
| * Two firms together form a new company. After the merger, the separately owned companies become jointly owned and obtain a new single identity * When two firms merge, stocks of both are surrendered and new stocks in the name of new company are issued * Generally, mergers take place between two companies of more or less same size. | * One firm takes over another and establishes its power as the single owner. * Stocks of the acquired firm are not surrendered, but bought by the public prior to the acquisition, and continue to be traded in the stock market * stronger firm swallows the target firm |

**c) Briefly explain three methods of financing a takeover.**

**All share deals**

A takeover, particularly a reverse takeover, may be financed by an all share deal. The bidder does not pay money, but instead issues new shares in itself to the shareholders of the company being acquired. In a reverse takeover the shareholders of the company being acquired end up with a majority of the shares in, and so control of, the company making the bid.

**Debt financing**

Acquisitions financed through debt are known as leveraged buyouts, and the debt will often be moved down onto the balance sheet of the acquired company. The acquired company then has to pay back the debt.

**Loan note alternatives**

Cash offers for public companies often include a "loan note alternative" that allows shareholders to take a part or all of their consideration in loan notes rather than cash. This is done primarily to make the offer more attractive in terms of taxation. A conversion of shares into cash is counted as a disposal that triggers a payment of capital gains tax, whereas if the shares are converted into other securities, such as loan notes, the tax is rolled over.

***May 2010 Question One B And C***

**TOPIC 5**

**BUSINESS PLAN DEVELOPMENT**

**QUESTION 1**

1. **Four benefits of a business plan to an entrepreneur.**

**Better understanding of the business**

A business plan helps the entrepreneur appreciate the business needs of his venture beforehand. Through a well prepared business plan, the entrepreneur will be able to see clearly the problems he had not thought of earlier, so he becomes well prepared psychologically to deal with them.

**Financing from financial institutions**

An entrepreneur will need to secure funds for his business. Most lenders will require that he comes up with a business plan before they consider him for financing.

A tool for management

The entrepreneur refers to the business plan to the business plan to check whether the growth of the business is in line with the plan he had envisioned earlier. If not, he will have sufficient basis to manage the growth of the business to direct it towards the right direction.

**Communication tool**

A business plan is a strong communication tool for the business. It defines the purpose, competition, management and personnel. It clearly identifies the vision and mission of the business to all the stake holders.

**Highlights risks involved**

A credible plan will incorporate the risks the business is likely to encounter. They could be financial, operational or control risks as well as the measures put in place to manage the risks.

***December 2014 Question One A***

**QUESTION 2**

**(c) Benefits of a good organisation structure to an entrepreneur**.

* A good organisation structure allows for effective administration of the firm.
* It facilitates growth and diversification through delegation.
* Allows for specialisation.
* Allows for full utilisation of available resources.
* Ensures optimum use of available technology.
* It stimulates creativity.
* Serves as a motivator because it helps to avoid confusion, over-lapping of functions, and misunderstanding.
* It makes co-ordination of organisation activities much easier.
* It enhances the control function,
* Allow for proper balance and emphasis on various activities in an organisation.

It ensures that the right person is put on the right job; this ensures full utilisation of the human resource

***May 2014 Question four C***

**QUESTION3**

1. **Marketing plan component for Wananchi Bicycle Limited business plan**

**Target Markets**

There are three main target markets for Wananchi Bicycle Limited:

1. Mountain riders

2. Road riders

Wananchi Bicycle Limited specialises in designing and building customized bicycles to meet the specific needs of mountain bikes racing professional. It is estimated that 70% of all greatest mountain bike races in the world have been won by cyclists using bicycles designed by Wananchi Bicycle Limited. It is estimated that the value of the local market and economic output will increase as a result of the sale of custom built bicycles that can handle mountain riding as well as road racing .This increase translates into sales revenue Sh. 200,000,000. These impressive figures are what the focus group is forecasting as the beginning of a long-term trend.

**The Competition**

The company's main competition comes from bicycle manufacturing company located in a strip mall twenty kilometres from Wananchi Bicycle Limited. It is a small, family-run business that has recently been suffering from negative word-of-mouth. While they do have skilled manpower equipment, most of their business comes from clients that engage road riding. They rarely offer after self-services and their employees complain of mistreatment from the management. Our location combined with the positive relationships we have built within the community will provide us with an opportunity to increase our client base aggressively. We will also be competing indirectly with the retail sale of bicycles. With our more expensive and sophisticated equipment, we will be able to provide substantial economies of scale that will cater for the needs of our customers.

**Services**

The quality of our service is paramount in ensuring that customers return. We will be providing exceptional, personalized service, which will be the crucial factor in building and protecting the company's brand within the community. We solve our clients' problems by offering them cost-effective access to needed the custom built bicycles for mountain and road riders. We have been setup to receive orders from clients via e-mail. All of the sales activities will be monitored by computer to track costs and operating efficiencies. This information will also be linked to a simple database that will track purchase activity for customers and will allow me to provide more personalized service.

**Sales/Distribution Plan**

Wananchi Bicycle Limited will get a jump-start to building its client base primarily because of its location and the fact that it is the only service provider of its kind in the area. This will make it very easy for new clients to try Wananchi Bicycle Limited for the first time. It will then take our total focus on customer service to ensure that those clients return.

**Credit Terms & Guarantees**

Once we have verified their credit history with a credit agency check, our business clients will be offered 30-day account terms. A 3 percent penalty will be applied to all overdue accounts. Frequent and high-volume customers will be eligible for discounts and specials. To minimize wastage, clients will be asked to 'sign-off' on a proof before duplication begins.

**Advertising and Promotions Plan**

Wananchi Bicycle Limited will be promoted as the retail center for mountain and road riders.

Here are some of the ways we will promote our goods:

* Local newspaper advertising (Sh100,000)
* Community bulletin boards (free)
* Opening specials promoted through hand-bills and flyers (Sh.400)
* Direct sales
* Direct mail (Sh.1000)
* Store front signage (included in leasehold improvements)

Total cost for advertising and promotion: Sh. 101,400 in the first year

**Public Relations**

Press releases will be issued to the local paper highlighting the story of "custom built for mountain and road riders". We will continue to maintain my community profile and contribute articles to the newsletters of the community service organizations of which where we are members.

**Collateral Marketing Material**

* Three-fold glossy brochure outlining our products and the after sale services that the company offers".
* Business cards
* Price list

The company's materials must be visually sharp to give clients confidence that their materials can look professional if they do business with Wananchi Bicycle Limited.

***December 2012 Question One A***

**QUESTION 4**

1. **Application of Abraham Maslow’s need theory to entrepreneurship development**

Maslow developed the hierarchy of needs theory of motivation based on the idea that human needs can be arranged in order of importance from the most basic. Once a need is fairly well satisfied it no longer motivates behaviour and man is then motivated by the next higher level of needs. Maslow divided human needs into five levels:

**i) Physiological Needs**

These are the most basic human needs for sustaining life e.g. food, air, shelter and clothing.

These needs have certain characteristics:

* they are relatively independent of each other
* they can be identified with specific location of the body
* to remain satisfied, they must be met repeatedly within a short time
* unless these needs are satisfied to the degree necessary to sustain life other needs will not motivate people.

**Application**

Entrepreneurs should ensure that their employees are able to meet their basic needs by providing them with better wages and salaries for employees are motivated

**ii) Safety or Security Needs**

These needs are expressed as desire for protection against danger, threat or deprivation. The desire may be economic, physical or for social safety. Employees may for example desire economic security, orderly working relationships etc.

**Application**

Entrepreneurs should make provision for the future e.g. pension or gratuity

**iii) Social Needs**

These include need for belonging, love, acceptance, friendship, association, and need to give and receive love. Man being a social being will aspire for a place in his own group and will strive to achieve it.

Some managers who fear informal organizations may attempt to direct and control employee relationships in ways that frustrate their natural grouping and employees may react by being antagonistic, hostile and uncooperative.

**Application**

Entrepreneurs should provide a warm and friendly working relationships to motivate their employees

**iv) Esteem Needs (Ego)**

According to Maslow these needs do not become motivators until the lower level needs have been reasonable satisfied. These needs are rarely completely satisfied. Once these needs become important to an individual he will continually seek satisfaction of them. The typical industrial organization offers only limited opportunity for the satisfaction of these needs at the lower levels of employment. Esteem needs consist of both self-esteem and esteem by others. Self-esteem needs include achievement, self-confidence, self-respect, competence independence and freedom. Satisfaction of these needs leads to feelings of worth, power, prestige, status, capability, strength and feelings of being useful and necessary in the world. Frustrating these needs may lead to feelings of inferiority, weakness and helplessness.

**Application**

The entrepreneur should treat his employees with esteem and status they deserve based on their position and ranks

**v) Self Actualization Needs**

These needs according to Maslow emerge after all other needs have been satisfied. Self-actualization needs include the realization of one's potentialities, self fulfillment, self-development and creativeness.

The form these needs take varies from person to person just as human personalities vary. Self-actualization can be satisfied through any of these ways, athletics, politics, academics, family, religion, hobbies or business.

A creative state is involved since creativity is realizing one's own potential to the fullest degree whatever it may be. It is a feeling of accomplishment and attainment and being satisfied with one self.

**Application**

Entrepreneurs should encourage career development and growth by providing their employees with training and development opportunities to realise their full potential.

1. **Contents of operational plan for a manufacturing entity**

An operational plan is a document that lays out the basic structures and practices of a business. It may exist as an independent document or as part of a larger business plan. For a manufacturing business, an operational plan is absolutely vital because operations are intrinsically complex and detail-intensive. To successfully outline the operations of a manufacturing business, an operational plan must address several key items.

**Facilities and Equipment**

An operational plan for a manufacturing company should detail the metrics and operational status of all company facilities and equipment. It should take into account geographical locations, floor space, operational purposes and floor plans of the facilities. It should also describe the various types of manufacturing equipment that the facilities employ, giving information regarding their purpose and their state of repair.

**Supply Chain**

A supply chain is the total organization that a company utilizes to acquire items from suppliers. Manufacturing companies tend to employ very complex supply chains because they often need a wide array of materials and components from various suppliers. Due to the intrinsic complexity of such arrangements, a manufacturing company's operational plan should include information on the supply chain and how the company plans on managing it.

**Labor Structure**

The labor structure section of a manufacturing company's operational plan should take into account the various employees that work for the company and what they do. It should also lay out the organizational structure of the company, especially when it comes to hierarchy, showing which managers are in charge of which aspects of the business. This section should stipulate who is the responsible party in every aspect of production.

**Production Process**

While the labor structure section details the structure of the workforce from the prospective of human capital, the production process section details the specifics of manufacturing from the prospective of components and materials moving down the production line. It should lay out the steps of production and give numerical details, such as production capacity.

**Storage and Distribution**

To allow for quick responsiveness to orders, a manufacturing company must create a certain amount of a product and store it as inventory. This inventory must have a detailed and logical system of storage to allow for ease of access. The operational plan should explain this system. It should also explain the methods that the company will use to distribute its products after production, whether it plans to do so by purchasing its own vehicles or by contracting with transportation firms.

***May 2012 Question Four***

**QUESTION 5**

1. **Describe the following distribution strategies**
2. **Intensive distribution system**

Intensive distribution systems are channels with wide coverage of many different consumers in multiple outlets; e.g. soft drinks in fast-turnover locations.

These systems are usually complex and involve intermediaries who market the product to wholesalers.

The wholesalers keep different products from many manufacturers under distribution contracts

1. **Selective distribution system**

Are channels that differentiate among competing dealerships so that brands can be established.

Dealers expect to have markets protected by manufacturers who guarantee limit or no competitors with similar branded products.

The manufacturers expect a high level of service and promotion by dealers.

Entrepreneurs with distinct service prefer selective channels to establish their service image and the perception of product attributes they want to convey.

1. **Exclusive distribution system**

**It** is a direct link between manufacturer and dealers. Manufacturers maintain control over quality and consumer service levels through strict contracts referred to as exclusive agency agreements. Products are custom ordered and there are no intermediaries. These system deals with specialist products in luxury markets because the products are not purchased on a regular basis e.g. services of a surgeon, architect or a consultant.

1. **Four strategies of setting the price of a product**

**Cost-plus pricing**

This method aims at ensuring that the business covers its costs and makes an acceptable profit.

**Competition pricing**

It is used where the amount of competition in a market is strong so that customers have a wide choice of supplies to buy from.

The prices are similar or close to those offered by the competitors.

The business establishes the total cost of producing one unit of the product, including overheads and the required profit margin per unit.

**Promotional pricing**

This method is appropriate for new products that need to increase demand. It is a short-term strategy of offering a product at a reduced price for a limited period in the hope that the additional sales generated will be maintained when the price goes up again.

**Penetration pricing**

Under this approach the business sets a low price sometimes even below the cost of production in order to penetrate the market and attract customers by beating competitors' prices. When the sales rise, the price can be increased to a more competitive level.

1. **Sources of marketing intelligence**

**Trade seminars**

Trade seminars where market and industry information is discussed.

One can get access to networks within the industry and up to date information on consumer preferences.

**Existing competitors**

They may provide information about cost of getting into the business   
and structure of the industry.

**Trade publications**

Trade publication provides valuable insight into markets, technology, customers,   
changes in the industry and management.

**Government documents**

Government contains financial news, economic forecasts which provide information that can assist in predicting the market in near future.

**Potential customers**

Potential customers can be interviewed or introduced to the products through market  
tests and queried through awareness groups.

***May 2011 Question Four***

**QUESTION 6**

1. **i) Importance of business plan to an entrepreneur**

**Better understanding of the business**

**A business plan helps the entrepreneur appreciate the business needs of his venture beforehand. Through a well prepared business plan, the entrepreneur will be able to see clearly the problems he had not thought of earlier, so he becomes well prepared psychologically to deal with them.**

**Financing from financial institutions**

**An entrepreneur will need to secure funds for his business. Most lenders will require that he comes up with a business plan before they consider him for financing.**

**A tool for management**

**The entrepreneur refers to the business plan to the business plan to check whether the growth of the business is in line with the plan he had envisioned earlier. If not, he will have sufficient basis to manage the growth of the business to direct it towards the right direction.**

**Communication tool**

**A business plan is a strong communication tool for the business. It defines the purpose, competition, management and personnel. It clearly identifies the vision and mission of the business to all the stake holders.**

**Highlights risks involved**

**A credible plan will incorporate the risks the business is likely to encounter. They could be financial, operational or control risks as well as the measures put in place to manage the risks.**

***May 2011 Question One A***

**QUESTION 7**

1. **Importance of the statement of cash flows in the business plan of an entrepreneur.**

* **Cash flow statement is useful to plan financial operations in an efficient manner.**
* Provides information on a business's liquidity and solvency and its ability to change   
  cash flows in future circumstances. This will help an entrepreneur assess if the   
  business will generate enough cash to execute the business plan.
* Provides additional information for evaluating changes in assets, liabilities and   
  equity.
* Improves the comparability of different business's operating performance by   
  eliminating the effects of different accounting methods.
* **The basic objective of cash flow statement is to provide the information to the management about the cash receipts and the cash payments of an organization**

***November 2010 Question Four B***

**QUESTION 8**

1. **Importance of a project report to an entrepreneur**

* **It’s used to summarize investigations into causes and effects of problems or problems or trends and to recommend solutions e.g. the reason for a fall in sales.**
* **It provide statistical or financial summaries e.g., monthly sales reports.**
* Report on whether expenses are within budget. This helps ensure that the entrepreneur controls cost.
* Details the effort that has been used and proposes if there is a need to restructure layoff or recruit. This helps avoid idle capacity from over staffing or cases of understaffing.
* Reports if quality targets set are being met and what can be done to ensure they are met.
* **Is used to supply information for legal purposes.**
* **Used to monitor progress e.g. in implementing a new scheme.**
* **Helps to look into the feasibility of introducing new procedures, making new products, changing machines.**

***May 2010 Question Three A***

\

**The object of a superior man is truth.**

**Confucius.**

**TOPIC 6**

**CURRENT ISSUES IN ENTREPRENEURSHIP**

**QUESTION 1**

**(c) Justification for licensing as a mode of penetrating foreign markets.**

* **It requires minimal or no capital outlay** - Licensing a business in a foreign market may require no capital at all.
* **Saves on costs** - An entrepreneur is able to save on costs for example, costs associated with transportation or carriage of goods from one country to another,
* **Technology transfer** - Licensing may result in transfer of technology from one country to another.
* **Ease, of access to international markets** - The licensee has an edge in penetration of the local market since they know the market better than foreigners.

***May 2014 Question one C***

**QUESTION 2**

1. **i)** **Definition of gazelle**

A gazelle is an extremely fast-growing company, which maintains consistent expansion of both employment and turnover over a prolonged period. There is no single definition of what constitutes an “exceptional” growth rate, but 20% and more per annum is a common definition.

As very small companies are almost bound to grow fast from a tiny base, they are usually excluded from discussions of gazelles. Some consider as potential gazelles only fast-growing companies which have already reached some turnover threshold.

Gazelles are quite scarce in most economies, comprising about 5% - and at the most 10% - of all new entrants in a given cohort entry. They are of major political and economic interest because they are seen as potential large employers and wealth creators of the future. However, research shows that most gazelles have a major problem sustaining growth over more than five years.

**Example**

High-tech and internet companies furnish many examples of gazelles such as Microsoft, Apple, Dell, Yahoo, Google and Cisco were all gazelles in their earlier days. More recently, social networking sites such as Facebook and Twitter have grown their user bases very fast, exhibiting a gazelle-like performance on this metric, but they have famously struggled to leverage this into spectacular turnover and profit growth.

***June 2013 Question Four A (i)***

**QUESTION 3**

1. **i) Difference between business networking and business outsourcing**

A network is composed of people or organizations with whom an entrepreneur discusses his business and business opportunities. Business networking therefore refers to the development of a link of persons, organizations and information that affect the business enterprise.

Business outsourcing is an arrangement where one company provides the services (that may usually have been provided by the company) to another company. Commonly outsourced services may include: transport, catering, cleaning, repairs and maintenance, data handling and clerical services.

**ii) Advantages of business outsourcing to an enterprise**

* **It reduces cost**

The competitive nature of modern day market has created a need in many firms to device ways of reducing expenditure. The poor financial position and the need to increase profits have forced some enterprises to consider outsourcing some services from a supplier who may offer them at lower costs. Examples: repairs and maintenance, transport services, cleaning services and data processing services.

* **The organization is able to concentrate on its core functions**

Many enterprises today may find themselves engaged in a variety of activities that are not related to their core business. These activities may take the business resources of labor and facilities and deny the same to the key functions such organizations may outsource all non- core functions from suppliers who are capable of performing.

* **Leads to the acquisition of new skills**

A business enterprise may find that its’ in house skill (labour) is inadequate for a given activity or functions. Such an enterprise may outsource the service from a supplier who has competent staff e.g. engineering and computer services.

* **Provides assistance in a fast growing situation**

Some business enterprises may be growing rapidly and acquiring large market shares expanding their product portfolio and stretching the resources to the limit. Such an enterprise may need additional help in running the activities of business and be able to cope with growth. For example outsourcing customer support services to a supplier who has telephone lines and trade staff who can handle incoming customer calls.

* **It prevents the occurrence of labour problems**

A business enterprise may find itself weighed down by problems with its labour force resulting to negative effect on productivity and overall business performance.

Example: Inability by a business enterprise to motivate or retain a trained labour force. Such an enterprise may use an external supplier’s manpower and facilities for production so that problems with labor are handled by the supplier (external). Such an enterprise may concentrate on marketing activities only and leave production and engagement of labour to a supplier.

* **It leads to better business management**

Some enterprises may experience problems of inadequate managers both in number and skill. Inadequate management may result to high staff turnover, absenteeism, poor work and missed deadlines. Lack of suitable managers may force an entrepreneur to outsource the function to supplier in order to access the good management of the supplier. Where this arrangements is not possible a business enterprise may outsource the managers themselves who will only base it to render the service when required.

Example: Outsourcing engineering services of managers that require high levels of expertise.

* **It improves flexibility**

Some enterprises experience extreme fluctuations in the volume of work due to the seasonal nature of demand. In order to eliminate expenditure during the low season such an enterprise may outsource some activities to a supplier who will only be paid for the actual work done. This converts a fixed cost into variable cost where the price paid will depend on the volume of transaction handled.

Flexibility allows a business to turn to other activities when need arises without the fear of previous resource commitment.

* **It prevents major investment/ Heavy investment**

A business enterprise may have a function that is not as efficient as it should be and to modernize it in order to perform to capacity, may involve a major expenditure.

Example: A transport service providing business may have an aging fleet of vehicles and servicing the same may be difficult while replacing the fleet may be a major investment. Such an enterprise may sell the fleet of vehicles to a supplier who may provide an upgraded fleet to the business a part of its service.

* **It enhances the business image**

Some enterprises may use outsourcing as a marketing tool especially where the suppliers are well reputed in the market. Outsourcing a service from the best known supplier can assist a small and ill- known company to draw from the supplier’s prestige. A company may also team up with a supplier who is well reputed to make joint product presentations to customers because the presence of the supplier gives the outsourcing company additional credibility in the market.

1. **Social responsibility of business enterprises**

* **Community Development**

Companies, businesses and corporations concerned with social responsibility align with appropriate institutions to create a better environment to live and work. For example, a corporation or business may set up a foundation to assist in learning or education for the public. This action will be viewed as an asset to all of the communities that it serves, while developing a positive public profile.

* **Philanthropy**

Businesses involved in philanthropy make monetary contributions that provide aid to local charitable, educational and health-related organizations to assist under-served or impoverished communities. This action can assist people in acquiring marketable skills to reduce poverty, provide education and help the environment. For example, the Bill and Melinda Gates Foundation focuses on global initiatives for education, agriculture and health issues, donating computers to schools and funding work on vaccines to prevent polio and HIV/AIDS.

* **Creating Shared Value**

Corporate responsibility interests are often referred to as creating shared value or CSV, which is based upon the connection between corporate success and social well-being. Since a business needs a productive workforce to function, health and education are key components to that equation. Profitable and successful businesses must thrive so that society may develop and survive. An example of how CSV works could be a company-sponsored contest involving a project to improve the management and access of water used by a farming community, to foster public health.

* **Social Education and Awareness**

Companies that engage in socially responsible investing use positioning to exert pressure on businesses to adopt socially responsible behavior themselves. To do this, they use media and Internet distribution to expose the potentially harmful activities of organizations. This creates an educational dialogue for the public by developing social community awareness. This kind of collective activism can be affective in reaching social education and awareness goals. Integrating a social awareness strategy into the business model can also aid companies in monitoring active compliance with ethical business standards and applicable laws.

* **Ethical Labour Practices**

Treating employees fairly and ethically are other ways companies can practice corporate social responsibility. This is especially true of businesses that operate in international locations where employees aren’t always treated with the same respect that workers are in the other countries. Research shows that consumers are extremely quick to turn on companies found operating sweatshops or violating other ethical labour practices.

***June 2013 Question Two***

**QUESTION 4**

1. **Measures that a manufacturing entity could put in place to minimize pollution**
2. **Waste minimization**

Waste minimization methods are divided into two primary categories: source reduction and recycling (on- and off-site).

Source Reduction is the preferred option and is defined as any activity that prevents or reduces the generation of waste(s). It does not mean reducing the volume or toxicity of an already generated waste.

Recycling is the use (directly use waste(s) in a different process), reuse (directly reuse waste in the same process), or reclamation (recover or regenerate a component for reuse) of waste materials constitutes recycling. It is the secondary option in the management hierarchy because the wastes have already been generated, thus representing some hazard to the environment if mismanaged.

1. **Management Initiatives**

A successful waste minimization program must have complete management support in order to achieve the ultimate goal of eliminating or minimizing wastes. This commitment must be demonstrated by management and be passed on to employees working in areas that generate wastes. Employees are one of the best resources for waste minimization ideas and should be considered as active participants in the program. Management approaches include:

* Declaring the waste minimization commitment and goals to employees in writing.
* Committing resources to implement changes that will eliminate or minimize wastes.
* Establishing employee incentive programs such as honorary or monetary awards to encourage employees to develop and implement waste minimization options.
* Providing employee training in waste minimization, hazardous waste and hazardous material handling, and emergency response.
* Establishing a task force or committee to review or identify waste minimization opportunities.

1. **Improved Operating Practices**

Also known as "good housekeeping practices", improved operating practices are among the least costly and easiest methods to minimize waste(s). When hazardous materials are spilled, mixed with wastes, or become too old to be used, they are considered hazardous wastes. Such wastes can be minimized through:

* Careful control of inventory to avoid overstocking by employing a stockroom attendant and using a "first-in, first-out" materials policy.
* Segregating different types of waste to promote recycling and avoid contaminating non-hazardous wastes.
* Preventing spills and leaks by keeping containers covered, inspecting them regularly and using pumps or spigots to dispense materials.

1. **Waste assessments**

Sometimes called a waste audit, a waste assessment is an essential component of a waste minimization program. A waste assessment can also be used for planning and allocating resources, and it can be used to measure waste minimization progress. A waste assessment should at a minimum:

* Identify the types and amounts of waste(s) generated by the various processes.
* Identify the major material losses and their causes.
* Identify and evaluate potential waste minimization methods.
* Itemize current waste management expenditures and estimate the costs of alternative waste minimization practices.

1. **Material Substitution**

Often a company can minimize wastes or avoid waste generation altogether by using alternative or substitute materials which are non-hazardous to produce products or provide services.

1. **Product Substitution**

In some cases, companies have become so motivated to minimize hazardous wastes that they have actually eliminated products which result in the generation and handling of wastes.

1. **Technology and Process Modification**

Inefficient or high volume waste generating processes can be upgraded or replaced by more efficient processes which minimize the waste(s) generated.

***December 2012 Question Four B***

**QUESTION 5**

**c) Measures that an entrepreneur could take to control environmental analysis**

* + Production of ecofriendly goods and services.
  + Introduction of eco-friendly technology in production activities.
  + Proper maintenance of machinery and equipment in the production units.
  + Introduction of training facilities to workers to create awareness among them   
    regarding control of pollution.
  + Tree planting within production units.
  + Use of pollution control equipment in plants and factories.
  + **Renewable energy sources, such as wind, solar energy, ocean currents, should fulfill energy needs.**
  + **Tall chimneys should be installed for vertical dispersion of pollutants.**
  + **Waste food material, paper, decaying vegetables and plastics should not be thrown into open drains.**
  + **Effluents from distilleries, and solid wastes containing organic matter should be sent to biogas plants for generation of energy.**

***May 2011 Question One C***

**QUESTION 6**

1. **Six areas in which entrepreneurs could exercise social responsibility.**

* **Selling company goods at fair prices**
* **Safeguard the environment against air, water and sound pollution by installing pollution control devices**
* **Eliminate child labour**
* **Enter into partnerships with NGOs**
* **Display openness and transparency in relationships with customers, employees, community groups, and governmental organizations**
* **Promote diversity in the workplace**
* **Help communities solve their social problems like building social amenities**
* Production of high quality products
* **Support human rights**
* Fairly remunerating casuals and any employees hired by an entrepreneur is part of social responsibility and helps motivate employees and increase productivity.

***November 2010 Question Four A***

**TOPIC 7**

**EMERGING TRENDS IN ENTREPRENEURSHIP**

**QUESTION 1**

**(a) Benefits of Grapevine**

1. Grapevine channels carry information rapidly. As soon as an employee gets to know some confidential information, he becomes inquisitive and passes the details then to his closest friend who in turn passes it to other. Thus, it spreads hastily.
2. The managers get to know the reactions of their subordinates on their policies. Thus, the feedback obtained is quick compared to formal channel of communication.
3. The grapevine creates a sense of unity among the employees who share and discuss their views with each other. Thus, grapevine helps in developing group cohesiveness.
4. The grapevine serves as an emotional supportive value.
5. The grapevine is a supplement in those cases where formal communication does not work.

**b) Techniques to create electronic rapport are:**

Rapport is a term used to describe, in common terms, the relationship of two or more people who are in sync or on the same wavelength because they feel similar and/or relate well to each other.

It stems from an old French verb *rapporter* which means literally to carry something back and in the sense of how people relate to each other means that what one person sends out the other sends back, for example they may realize that they share similar values, beliefs, knowledge, or behaviors around sports or politics.

**Techniques**

**Mirroring**  
Mirroring means getting into rhythm with the person on as many levels as possible

**Emotional Mirroring** - Empathizing with someone's emotional state by being on 'their side'. You must apply the skill of being a good listener in this situation so as you can listen for key words and problems that arise when speaking with the person. This is so you can talk about these issues and question them to better your understanding of what they are saying and show your empathy towards them.

Posture mirroring - Matching the tone of a person's body language not through direct imitation, as this can appear as mockery, but through mirroring the general message of their posture and energy.

Tone and Tempo Mirroring - Matching the tone, tempo, inflection, and volume of a person's voice.

**Reciprocity**  
Giving gifts or doing favors without asking for something in return triggers feelings of obligation

**Commonality**  
Commonality is the technique of deliberately finding something in common with a person or a customer in order to build a sense of camaraderie and trust. This is done through shared interests, dislikes, and situations.

***May 2011 Question Six***

**QUESTION 2**

**a) Discuss six factors that an entrepreneur should put into consideration prior to commencing trading on the internet.**

1. **Initial capital investment:** Online trading comes with a number of initial capital   
   investments which include computers and delivery vehicles. Extra benefits from   
   trading online should eventually cover for these costs.
2. **Internet access:** Do I have access to reliable and affordable internet? If not then the customers may not be too happy with the service rendered.
3. **Relevant experts:** Before deciding to trade online one should have access to the relevant IT experts to help set up and maintain the trading website. An additional cost which should be taken into account.
4. **Target client computer literacy:** The target client should be willing and have the ability to purchase the products online.
5. **Legal issues**: Never assume that, because others are doing it, then it must be legal. This is the most common error into which new Internet entrepreneurs fall. Just because somebody else is providing a service/content in Internet that doesn't mean the service/content is legal, or at least, that there is no legal risk in providing it. Each activity is subject to different regulations which need to be complied with, and many of the various possible ways of performing such activity have different legal consequences that need to be assessed.
6. **Audit website:** When starting online business, and regularly, have a full legal review performed on the website to identify any misleading or ambiguous advertising, determine how to comply with personal data protection and privacy issues, analyze how to protect against defamation or copyright infringement claims, underage   
   access, and other regulatory and compliance issues.

**b) Benefits of an organizational manual to an entrepreneur.**

1. **Aids in obtaining funding:** Potential investors will have a variety of questions about   
   entrepreneur's potential or existing business. A complete organizational manual not   
   only provides them with answers, but shows that one is organized and has   
   considered all of the marketing, legal, financial, human resources and other aspects   
   of running a business. A thorough organizational manual will increase ones chance of   
   obtain venture capital and bank loans.
2. Make operating in sole proprietor's absence possible and smooth.
3. Defining target market (who your customers are or will be) and how to best reach   
   them through strategic marketing actions or expanding market coverage or reach.
4. Defining corporate objectives and programs to achieve those objectives.
5. Helping your business make money from the start by developing effective   
   operational strategies
6. Understanding the risks involved and anticipating potential problems so you that can   
   solve them before they become disasters.
7. Setting a value on a business for sale or for legal purposes.
8. It makes succession planning and handing over easier.

***November 2010 Question Seven***

**QUESTION 3**

**b) Six benefits that would accrue to a business organization from outsourcing products and services.**

**Focus on core business**

Every business has limited resources, and every manager has limited time and attention. Outsourcing can help business to shift its focus from peripheral activities toward work that serves the customer, and it can help managers set their priorities more clearly.

**High efficiency**

The non- core business functions will be performed efficiently by the outsourcing partner,   
while core functions can be efficiently carried out in-house. Thereby achieving overall efficiency.

**Cost- effectiveness**

Outsourcing can give a business access to cost-effective products and services. The same services with the same level of quality can offered for a much lower cost by an outsourcing partner who specializes in that product or service.

**Customer satisfaction**

With increased efficiency and lower cost of production the business can provide high quality products in less time at a more affordable price. This will impress the customers and make them remain loyal to the organization.

**Access to specialized services**

By outsourcing a business can get expert and skilled services. The functions outsourced may not be core competencies but a business can find an outsourcing partner who is specialized in   
that particular business process. The outsourcing partner will be able to provide   
more proficient services.

**Reduce risk**.

Every business investment carries a certain amount of risk. Markets, competition, government regulations, financial conditions, and technologies all change very quickly. Outsourcing providers assume and manage this risk for you, and they generally are much better at deciding how to avoid risk in their areas of expertise.

***November 2009 Question Two B***

**Come to Me, all you who labor and are heavy laden, and I will give you rest.**

**Christ.**

**TOPIC 8**

**NATURE OF BUSINESS COMMUNICATION**

**QUESTION 1**

1. **Describe five upward communication methods used by employees in an organisation.**
   * **Report**: Report is one of the most important a widely used media of upward communication. Subordinates prepare reposts periodically or regularly on various routine issues. They also prepare special report when need arises. Reports are then submitted to the higher authority for supplying necessary information.
   * **Suggestion and complaint boxes**: Some organizations install suggestion and complaint boxes at some convenient places in the office or factory through suggestion box, management invites the employees to submit their suggestions for improving the efficiency of organizational operations. On the other hand, complaint box is placed to submit any complaint of the employees regarding any aspect of their employment.
   * **Direct letters**: Subordinates can write letters directly to their superiors at their superiors at their own initiation or they may be asked by their superiors write about any directed matter.
   * **Questionnaire**: Sometimes managers encourage upward communication by asking questions to their subordinates. For this purpose, they distribute questionnaires to the employees. Through questionnaires, management can know the attitudes, feelings and complaints of the employees.
   * **Grievance procedure**: Grievance is the employee dissatisfaction over any aspect of their employment. Grievance procedure provides the employees with a formal channel of appeal to their superiors. In modern organizations, there is well-established procedure for handing employee grievances that acts as a mode of upward communication.
   * **Joint setting of objectives**: In participative organizations, superiors and subordinates sit together for setting objectives. In this case, the superiors seek information and suggestions from the bottom-level managers and employees.
   * **Employer-employee meeting**: Meeting between employer and employees is a very useful medium of upward communication. In the meeting, the superior can raise problems and seek information, guidelines or suggestions from the subordinates.
   * **Open-door-policy**: Open-door-policy of management inspires the employees to feel that the manger’s doors are always open to them. Whenever they want they can enter into the manager’s room and talk everything to the superiors without any fear or hesitation.
2. **Five factors which influence the type and form of communication method used in an organisation.**

* Cost
* Organisation structure
* Intended recipient
* Time
* Nature of information to be communicated

***December 2014 Question Five A and C***

**QUESTION 2**

**(b)** **Limitations of face-to-face communication are**:

* It might be costly. This is so especially when one is required to travel over long distances in order to deliver the message.
* Misinterpreted body language. Face to face communication may lead to misinterpretation due to the body language, for example, the frown on the face of speaker may not be related to the message.
* Less likely to have record of the discussion. Most people do not record or transcribe their spoken communication.
* Interruptions - Face to face communication is prone to interruptions for example a ringing mobile phone.

**(c) Reasons why horizontal communication could fail to achieve desired results.**

**Territoriality** - departments value their turf and shrive to protect it. This problem may be compounded through interdepartmental rivalries that arise from win/lose competition for rewards and resources.

**Rivalry** - rivalry within organisations Occur for example when the different levels of an organisation fails to cooperate with one another.

**Specialisation** - Specialisation is a problem that often happens when organisations do not have uniformity within departments causing communication problems.

**Lack of motivation** - Horizontal communication offer fails because organisation members are unwilling to expand the additional effort that it requires.

***May 2014 Question seven B and C***

**QUESTION 3**

**(a) (i) Explanation of the term "communication plan".**

A communication plan outlines who you need to communicate with, the subject matter of the communication, how the communication is to be done and how often it is to be done,

**(ii) Elements of a communication plan.**

* **Objectives**

This is the key element of a communication plan. They must support the organisation achieve its stated goals. One needs to be realistic about the resources and budget available to support the objectives.

* **Target audience.**

Many organisations overlook who they are really trying to communicate with. It is no use having something to say if you are targeting the wrong groups, so it is essential to be clear on the target audience

* **Key messages**

Conflicting messages create confusion. Without knowing what it is, you want to say to people, or what they need to know about you, but not important or relevant to your audiences. It is ideal to have a set of key messages, one overriding set of messages that are applicable to all of your audiences, and a second set that are specific and relevant to your target audiences.

* **Methods of communication**

This is choosing the right method to convey your messages. There are many ways of getting your messages across such as flyers, newsletters and website.

* **Monitoring and reviewing**

It is important to monitor the effectiveness of tile communication plan. A good Communicating plan is not static but it constantly changes,

**(b) Causes of communication redundancy.**

* Repetition of a message leads to communication redundancy,
* Use of multiple media. Much spoken communication is repeated in the nonverbal elements of the message.
* Grammar and syntax (roughly the word order use) of the message may lead to communication redundancy,

Formatting of a message. In a business environment, format can help the receiver produce what will be in a message

***May 2014 Question six A and B***

**QUESTION 4**

**c) Roles of external communication system in an organization**

* **Communication about Price**

Companies communicate the price of their products and services by using advertisements in print media and on television, radio and the Internet. Offers, such as buy-one-get-one-free tactics, typically increase sales. Other incentives, such as bonus points or coupons, help generate customer loyalty by getting consumers to buy products at a reduced price. Additionally, companies send email messages to offer discounted prices, free samples and joint promotions with other companies using vouchers and financing deals.

* **Communication with Channels**

By communicating with customers through direct marketing channels, distributors or business partners, companies enable sales and delivery of their goods and services in ways that end up providing benefits for each party. Companies target partners and suppliers with offers of reduce prices using communication mechanisms such as brochures, functional specifications and selling guides. Through external communication documents such as requests for proposals or statements of work, companies set up business relationships allowing them to prosper in a complex, global marketplace.

* **Promotional Literature**

Companies promote their products by communicating the benefits and features in printed product or service literature. Functional specifications, reference manuals and other product documentation enable customers to decide if the product meets their needs. Literature also convinces potential customers that products provide a return on investment and an affordable total cost of ownership. Promotional literature tends to include attractive photos, text and descriptive language to describe product or service details. Using logos and slogans to build up their brand recognition, companies develop a market presence.

* **Product Training and Support**

Companies present their products at trade shows and events to demonstrate their personal or business use. They conduct training courses to show people how to use product functions and certify personnel in product usage. Companies offer instructor-led training, virtual events using Web conferencing software and self-paced courses to meet the needs of busy professionals. During training events, instructors and company representatives give presentations and communicate with participants to learn about individual needs. Additionally, companies conduct surveys using online questionnaires to get feedback on product usage and requirements for new product development.

***June 2013 Question Seven C***

**QUESTION 5**

1. **Four communication problems at the workplace and measures that could be employed to minimize the problems.**

* **Language Barriers**

A diverse workplace has several benefits to a business, such as a variety of solutions to company issues and insight into international markets during expansion. But the language barrier that can sometimes occur in a diverse workplace, or any workplace, may become a communication problem. There might be language barriers between people of different ethnic backgrounds, people of different ages and people with different levels of industry experience. Any language barrier is going to slow communication or create misunderstandings that make communication ineffective.

While communicating within the organization it’s important to communicate in an official language that everyone can understand. This will minimize language barriers at the workplace.

* **Personal Issues**

Effective communication in a workplace is based on professional correspondence designed to assist in the daily operation of the company or the continued growth of the organization. When employees allow personal issues to affect company communication, a communication problem develops that could take a long time to track down and resolve. People who refuse to communicate based on a personal disagreement are damaging the company's ability to do business and slowing the growth of the organization.

So as to reduce communication problems at the workplace, it’s important that personal issues are resolved so that employees are able to communicate effectively.

* **Lack of Feedback**

One-way communication can become an ineffective way to exchange information throughout the company. Employees and managerial staff should provide feedback at all times to improve the quality of information disseminated and the manner in which the information is delivered. For example, if a department tends to send out information in a format confusing to other people in the company, then that department needs to be informed of its communication problems immediately or else the information coming from that group will always pose a communication challenge.

* **New Hires**

Companies that do not include communication training in their new-hire orientation programs will be forced to struggle with new hires who are forced to learn proper communication procedures by a process of hit and miss.

When new employees are brought into the organization, they need to receive a comprehensive introduction into the proper ways to communicate throughout the organization.

1. **Factors that might affect an audience’ accurate reception of information**

* **Focusing on a personal agenda**

When we spend our listening time formulating our next response, we cannot be fully attentive to what the speaker is saying.

* **Experiencing information overload**

Too much stimulation or information can make it very difficult to listen with full attention. Try to focus on the relevant information, and the central points that are being conveyed.

* **Criticizing the speaker**

Do not be distracted by critical evaluations of the speaker. Focus on what they are saying - the message - rather than the messenger.

* **Getting distracted by emotional noise**

We react emotionally to certain words, concepts and ideas, and to a myriad of other cues from speakers (appearance, non-verbal cues). Make a conscious effort to quiet your own emotional reactions so that you can listen properly.

* **Getting distracted by external “noise”**

Audible noise may be extremely distracting. Some things can be minimized – e.g., turn down the ringer on your phone, and the email beep on the computer while meeting with someone. Other noises may be unavoidable – e.g., construction, other people. Also, there may be figurative “noise” from the external environment, such as distracting or inappropriate decor in a room, or environmental conditions such as the room being too hot or cold.

* **Experiencing physical difficulty**

Feeling physically unwell, or experiencing pain can make it very difficult to listen effectively. You may wish to communicate that this is not a good time, and reschedule the discussion. Otherwise, you may just need to concentrate even more on the task of listening.

***June 2013 Question Five A and B***

**QUESTION 6**

1. **In relation to communication barriers definition the following terms**
2. **Abstracting**

An abstract is a condensation of something. When we communicate, we unconsciously resort to ‘abstracting’, i.e., keeping to the essentials. We eliminate what we decide to be superfluous. But the receiver may not be competent enough to understand what we have eliminated. Abstracting is necessary for good and effective communication but it should not be done in certain demanding situations. If done it becomes a barrier. When you are instructing a lay and illiterate person about cleaning the house, you have to tell literally to remove cobwebs, sweep, dust and mop. Abstracting at this situation may not prove to be useful. The worker may not understand that you want every step and process to be gone through. But when you give the job to an agency, you can simply say, I want the house “thoroughly cleaned”. They share your perception about the job. Good abstracting can remove barriers in communication caused by unnecessary words and details. In a communication process, if the participants have different levels of perception, abstraction will be a barrier to communication.

1. **Slanting**

Slanting is a barrier to communication. A slanted report is judgemental. News reporters are asked to report news and not give them a slant. A small ‘crowd’ or a large crowd’ are generally slanted expressions giving only relative meanings. Instead, if you say a gathering of about five thousand people you avoid slanting. Communication should also be unaffected by inferences and assumptions. Most inferences and all assumptions are highly subjective. They tend to become barriers if they form the basis of a message or information.

1. **Built in resistance**

It is a possible psychological block which is emotional in nature. For example, you might be emotionally blocked if you are announcing a new policy you know will be unpopular, giving the first major presentation on your job or writing to someone you dislike. The people with whom you are communicating are also subject to emotional blocks. They may feel indifferent or hostile towards you or your subject or be biased against you perhaps because of your youth, sex, race, relatives, friends or even clothes or against your subject perhaps because they think its illogical.

1. **Environmental stress**

Enviromental stress as a communication barrier occurs when the message is sent in environment that lacks peace and is noisy. If a place is hot, claustrophobic, cold, crowded, or has bad reception, the message won't survive such extreme conditions. Therefore, make sure that meetings, phone calls, and the like, are attended to in quite areas, where you have access to good reception and a quiet place. If you happen to be in an inconvenient location or caught amidst an errand, call the person back later or reschedule meetings.

1. **Distortions**

Distortion refers to the loss of meaning of the message in handling. This largely occurs in the encoding and decoding stages of communication.

***November 2012 Question Seven A***

**QUESTION 7**

**c) Berlo’s SMCR model of communication**

Berlo’s SMCR Model of Communication

Seeing

Hearing

Smelling

CHANNEL

Touching

Tasting

Structure

MESSAGE

Element

Content

Treatment

Code

SOURCE

Knowledge

Attitudes

Communication Skills

Social system

Culture

Receiver

Attitude

Communication skills

Social system

Knowledge

Culture

While the Aristotle model of communication puts the speaker in the central position and suggests that the speaker is the one who drives the entire communication, the Berlo’s model of communication takes into account the emotional aspect of the message. Berlo’s model of communication operates on the SMCR model.

In the SMCR model

S - Source

M - Message

C - Channel

R – Receiver

Let us now study all the factors in detail:

**S - Source**

The source in other words also called the sender is the one from whom the thought originates. He is the one who transfers the information to the receiver after carefully putting his thoughts into words.

How does the source or the sender transfer his information to the recipient?

It is done with the help of communication skills, attitude, knowledge, social system and culture.

* **Communication Skills**

An individual must possess excellent communication skills to make his communication effective and create an impact among the listeners. The speaker must know where to take pauses, where to repeat the sentences, how to speak a particular sentence, how to pronounce a word and so on. The speaker must not go on and on. He should also make a point to cross check with the recipients and listen to their queries as well. An individual must take care of his accent while communicating. A bad accent leads to a boring conversation.

* **Attitude**

It is rightly said that if one has the right attitude, the whole world is at his feet. There is actually no stopping for the person if he has the right attitude. A person might be a very good speaker but if he doesn’t have the right attitude, he would never emerge as a winner. The sender must have the right attitude to create a long lasting impression on the listeners. An individual must be an MBA from a reputed institute, but he would be lost in the crowd without the right attitude.

* **Knowledge**

Here knowledge is not related to the educational qualification of the speaker or the number of degrees he has in his portfolio. Knowledge is actually the clarity of the information which the speaker wants to convey to the second party. One must be thorough in what he is speaking with complete in-depth knowledge of the subject. Remember questions can pop up anytime and you have to be ready with your answers. You need to be totally familiar with what you are speaking. Before delivering any speech, read as much you can and prepare the subject completely without ignoring even the smallest detail.

* **Social System**

Imagine a politician delivering a speech where he proposes to construct a temple in a Muslim dominated area. What would be the reaction of the listeners ? They would obviously be not interested. Was there any problem in the communication skills of the leader or he didn’t have the right attitude ? The displeasure of the listeners was simply because the speaker ignored the social set up of the place where he was communicating. He forgot the sentiments, cultural beliefs, religious feelings of the second party. Had it been a Hindu dominated society, his speech would have been very impressive.

* **Culture**

Culture refers to the cultural background of the community or the listeners where the speaker is communicating or delivering his speech.

**M - Message**

When an individual converts his thoughts into words, a message is created. The process is also called as Encoding.

Any message further comprises of the following elements:

* **Content**

One cannot show his grey matter to others to let him know what he is thinking. A thought has to be put into words and content has to be prepared. Content is actually the matter or the script of the conversation. It is in simpler words, the backbone of any communication.

For example Ted to Jenny -“I am really exhausted today, let’s plan for the movie tomorrow evening”.

Whatever Ted has communicated with Jenny is actually the content of the message. It is very important for the speaker to carefully choose the words and take good care of the content of the speech. The content has to be sensible, accurate, crisp, related to the thought to hit the listeners bang on and create an immediate impact.

* **Element**

It has been observed that speech alone cannot bring a difference in the communication. Keep on constantly speaking and the listeners will definitely lose interest after some time. The speech must be coupled with lots of hand movements, gestures, postures, facial expressions, body movements to capture the attention of the listeners and make the speech impressive. Hand movements, gestures, postures, facial expressions, body movements, gestures all come under the elements of the message.

* **Treatment**

Treatment is actually the way one treats his message and is conveys to the listeners. One must understand the importance of the message and must know how to handle it. If a boss wants to fire any of his employees, he has to be authoritative and can’t express his message in a casual way. This is referred to as the treatment of the message. One must understand how to present his message so that the message is conveyed in the most accurate form.

* **Structure**

A message cannot be expressed in one go. It has to be properly structured in order to convey the message in the most desired form.

* **Code**

Enter a wrong code and the locks will never open. Enter a wrong password, you will not be able to open your email account. In the same way the code has to be correct in the communication. Your body movements, your language, your expressions, your gestures are actually the codes of the message and have to be accurate otherwise the message gets distorted and the recipient will never be able to decode the correct information.

**C – Channel**

Channel actually refers to the medium how the information flows from the sender to the receiver.

How does one know what the other person is speaking? - Through hearing.

How does one know whether the pasta he has ordered is made in white sauce or not? - Through tasting.

How does one know that there is a diversion ahead or it’s a no parking zone? - Through seeing.

How will an individual come to know that the food is fresh or stale? How do we find out the fragrance of a perfume? - Through smelling.

How will you find out whether the milk is hot or not? - Through touching.

All the five senses are the channels which help human beings to communicate with each other.

**R - Receiver**

When the message reaches the receiver, he tries to understand what the listener actually wants to convey and then responds accordingly. This is also called as decoding.

The receiver should be on the same platform as the speaker for smooth flow of information and better understanding of the message. He should possess good communication skills to understand what the speaker is trying to convey. He should have the right attitude to understand the message in a positive way. His knowledge should also be at par with the listener and must know about the subject. He should also be from the same social and cultural background just like the speaker.

There are several loopholes in the Berlo’s model of communication. According to the berlo’s model of communication, the speaker and the listener must be on a common ground for smooth conversion which is sometimes not practical in the real scenario.

***November 2012 Question Six C***

**QUESTION 8**

**b) Methods of upward communication**

* **The grievance procedure**

The grievance procedure enables employees to appeal to management and seek redressal of their grievances. It enables employees to bring their work-related problems to the notice of top management and protest against the arbitrary actions of their immediate superior. Peer review boards accept grievances from employees, hear the arguments of both parties, and then arrive at a decision. The parties concerned are then bound by these decisions.

* **Open-door policy**

This is an organizational policy that allows employees to approach managers at any time and discuss their problems with them. Most of the times, this policy is not actually implemented in organizations.

* **Complaints and suggestions boxes**

In some convenient places in the offer or the factory complaints and suggestions boxes are installed. The employees are encouraged to drop their complaints or suggestion if any, in to these boxes. These boxes are opened at regular intervals and the inform gathered scrutinized

* **Social gathering**

Social gathering are frequently arranged in different departments. These gatherings offer a very informal atmosphere in which ate employees shed the inhibitions and feel free to talk about their problems.

* **Direct correspondence**

Sometimes the manager may directly write to an employees and ask him to communicate with him.

* **Reports**

Employees may be required to submit reports about the progress of their work a regular intervals.

* **Counseling**

In some organization workers are encouraged to seek the counsel of their superiors on their personal problems. As they feel encouraged to talk about themselves freely, they provide the managers with valuable information.

***November 2012 Question Five B***

**QUESTION 9**

**a)** **Factors that contribute to communication breakdown across cultures**

* Cognitive constraints.
* Behaviour constraints
* Emotional constraints

**Impact of the above factors on communication**

**Cognitive constraints**

These are the frames of reference or world views that provide a backdrop that all   
new information is compared to or inserted into.

**Behaviour constraints**

Each culture has its own rules about proper behavior which affect verbal and   
nonverbal communication. Whether one looks the other person in the eye-or not; whether one says what one means overtly or talks around the issue; how close the people stand to each other when they are talking--all of these and many more are rules of politeness which differ from culture to culture

**Emotional constraints**

Different cultures regulate the display of emotion differently. Some cultures get very emotional when they are debating an issue. They yell, they cry, they exhibit their anger, fear, frustration, and other feelings openly. Other cultures try to keep their emotions hidden, exhibiting or sharing only the "rational" or factual aspects of the situation

**c) Characteristics of good effective feedback on employee performance**

1. **Make your feedback specific and related to behavior**

Ex.: “John, you have been 15 minutes late for the past three mornings. Please explain why.”

1. **Consider your timing. Give feedback either before the event in the form of advice or immediately after as positive feedback**

Ex.: (as advice) “Jane, I’d like to review the content of your speech with you before you make your presentation next week so you can do a really good job.

Ex.: (as positive feedback) “Jane, you did an outstanding job in your presentation. The speech was well-researched and interesting.”

1. **Give the feedback in calm and unemotional language**

Ex.: “John, I’m sure your progress will be much faster now that you understand how to use the new machine.”

1. **Check to make sure clear communication has occurred**

Ex.: “John, do you understand the new protocol now? Can you explain it to me so that I’m sure you understand?”

1. **Focus on behavior the employee can change**

Ex.: “Samantha, we would appreciate you keeping the team informed about the status of the project.”

1. Keep it real – be honest and ensure any criticism is constructive, not confrontational.
2. Share the good and bad – discuss the employee’s strengths and weaknesses, reaffirming the positives and discussing solutions to the weaknesses.
3. Look to the future – concentrate on what you and the employee can achieve and the future and establish common goals and visions.

***November 2011 Question Five A and C***

**QUESTION 10**

**a) Analyze the causes of barriers to lateral communication.**

Also known as horizontal communication. It involves the flow of information between different departments of the same organization. It is used to coordinate the activities of different functional

**Lack of Motivation**

Lateral communication often fails simply because organization members are unwilling to expend the additional effort that it required.   
Horizontal communication may require contact with people in units that are well   
removed from our own. The channels and rules of interaction may be unclear. We do not really know these people.

**Territoriality**

Territoriality often occurs when members of an organization control task-related activity within a defined and fixed jurisdictional area and as a result regard others' involvement in that area as territorial encroachment. Departments value their turf and strive to protect it.

**Rivalry**

Rivalry within organizations occurs for example when the different levels of an organization fail to cooperate with one another.

**Specialization**

Specialization is a problem that often happens when organizations do not have uniformity within departments, causing communication difficulties. Specialization can occur with procedures or vocabulary used by different departments. For example when different specialties use the same terms in different ways, this can create confusion and miscommunication. When this occurs organizations have trouble functioning properly and do not run smoothly.

***November 2010 Question Six A***

**TOPIC 9**

**WRITTEN COMMUNICATION**

**QUESTION 1**

1. **Four benefits derived from using pre-printed forms in an organisation.**

* Enhance your company's professional image
* Create a uniform look across all your marketing and managerial materials
* Custom business forms are mainly used to save time in your daily business activities
* **Marketing Use -** forms can be used for marketing purposes. e.g receipts issued contain letterhead where one can use the contacts on the letterhead.

***December 2014 Question Six A***

**QUESTION 2**

**(a) Rules for construction of a questionnaire.**

* Use statements which are interpreted in the same way by members of different subpopulations of the population of interest.
* Use statements where persons that have different opinions or trails will give different answers.
* Have an “open” answer category after a list of possible answers,
* Use only one aspect of the construct you are interested in per item.
* Use positive statements and avoid negatives or double negatives
* Do not make assumptions about the respondents.
* Use clear and comprehensive wording, easily understandable for all educational levels.
* Use correct spelling, grammar and punctuation.

Avoid items that contain more than one question per item

***May 2014 Question seven A***

**QUESTION 3**

**(b) Issues which should be covered under terms of reference section.**

* Time limit/ time frame.
* Whom to report to reporting procedure.
* The subject matter.
* The scope.
* The purpose of writing the report.
* How the report was written (methods)

**(c) Writing a memorandum on performance management.**

**B and B Enterprises**

**Internal Memo**

From: Deputy Training Manager Ref:

To: All Members of Staff Date: 26 May, 2014

**SUBJECT: WORKSHOP ON PERFORMANCE MANAGEMENT**

The training manager has organised a workshop on performance management to be held at Penaita Convention Centre on Saturday, 7 June 2014 starting at 8.00 a.m.

Participants will deliberate on implementation of performance appraisal process in the organisation and will be expected to formulate a way forward.

All members of staff are required to attend.

(Signature of candidate)

(Name of candidate)

***May 2014 Question five B and C***

**QUESTION 4**

* 1. **Steps that an entrepreneur would take to improve notes taking**

1. Have a clear purpose
2. Recognize main ideas
3. Recognizing the main ideas
4. Identifying what information is relevant to your task
5. Having a system of note taking that works for you
6. Reducing the information to note and diagram format
7. Where possible, putting the information in your own words
8. Recording the source of the information
9. Select what is relevant, you do not need to write down everything that is said
10. Have a system for recording information that works for you
11. The use of symbols and abbreviations is useful when speed is essential. You also need to be familiar with symbols frequently used in your courses.
12. Develop a system of symbols and abbreviations; some personal, some from your courses
13. Be consistent when using symbols and abbreviations
    1. **Highlight five rules of analyzing data from a questionnaire**
14. Make copies of your data and store the master copy away. Use the copy for making edits, cutting and pasting, etc.
15. Tabulate the information, i.e., add up the number of ratings, rankings, yes's, no's for each question.
16. For ratings and rankings, consider computing a mean, or average, for each question. For example, "For question #1, the average ranking was 2.4". This is more meaningful than indicating, e.g., how many respondents ranked 1, 2, or 3.
17. Consider conveying the range of answers, e.g., 20 people ranked "1", 30 ranked "2", and 20 people ranked "3".
18. Keep all commentary for several years after completion in case needed for future reference

***May 2012 Question Seven A and B***

**QUESTION 5**

1. **Five functions of business letters in the enterprise**

[**Convey information:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
The basic purpose of any business letter is to convey information regarding business activities. Information can be transmitted through business letter to customers, suppliers, debtors, government authorities, financial institutions, bank and insurance companies and to any other parties related with the business.  
  
[**Conclude transaction:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
This is one of the specific purposes of business letter. To conclude in completed transactions business letters are frequently used.  
  
[**Creation of demand:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
Business letters especially circular letters used to create demand for new products. Circular letters can communicate many people in the same time.

[**Creation of goodwill:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
In this electronic era messages can be sent within few seconds through electronic media but a well decorated business letter has its own importance in creation positive image of the company.

[**Expansion of business:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
Through goodwill messages and through circular letters existing market can be expanded.

[**Establishment of relationship:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
Another important purpose of business letter is, it helps to establish mutual relationship with the customers, suppliers and with the other interested parties.  
  
[**Evidence:**](http://businesscommunicationnew.blogspot.com/search/label/Business%20Letter%20Writing)   
Business letters are also used to maintain documentary evidence. Letters can be preserved for future reference.

***May 2012 Question Five C***

**QUESTION 6**

* + - * 1. **i) Distinction between an order and an instruction**

There is a difference between giving orders and giving instruction. Giving orders does not allow options. When you give instructions instead of giving commands this allows a few things to happen.

* It allows your teammates to elaborate and open up with ideas.
* You give them opportunity to think things through
* You give them opportunity of being a decision maker

**ii) Ways in which an order given by an entrepreneur to the employees could be made more effective.**

* **Be upfront:** When providing direction for your team share with them the purpose and the time frame in which it need to be completed.  Allow your team the flexibility to complete task in their own manner.
* **Be direct:** Don't use ambiguous terms, upon leaving from the discussion you should both be on the same wave length.
* **Check for clarity:** Check in with your team members when delegating a task before they get started, you want to ensure that they are able to restate what your expectations.
* **Be consistent**:  Allow your team members an opportunity to finish the task you assign to them before pulling them off of the task and assigning them to something else.
  + - * 1. **Factors that could affect the style of language used when writing a memo**

1. Recipient of the memo
2. Nature of content
3. Timing of the memo
4. Source or sender of the memo
5. Purpose of the memo

***May 2012 Question Six A And B***

**QUESTION 7**

**a) i)** **Graphic communication**

Graphic communication suggests is [communication](http://en.wikipedia.org/wiki/Communication) through [graphics](http://en.wikipedia.org/wiki/Graphics) and graphical aids. It is the process of creating, producing, and distributing material incorporating [words](http://en.wikipedia.org/wiki/Word) and [images](http://en.wikipedia.org/wiki/Image) to convey [data](http://en.wikipedia.org/wiki/Data), [concepts](http://en.wikipedia.org/wiki/Concept), and [emotions](http://en.wikipedia.org/wiki/Emotion).

The field of graphic communications encompasses all phases of the graphic communications processes from origination of the idea (design, layout, and typography) through reproduction, finishing and distribution of two- or three-dimensional products or electronic transmissions.

**ii) The advantages of graphic communication**

* Quick way for the audience to visualize what you are saying -- numbers, trends, up or down
* Forceful -- emphasizes main point
* Convincing -- proves a point, see and hear
* Compact way to convey information
* More interesting than just talk or print
* Enables the users to develop expertise in computer-aided graphics

**c) How to make an in-house publication more interesting**

* Have a creative design and layout
* Have interesting dynamic contents
* Must appear as the default page of every sign-in
* Easy access with no undue restrictions imposed
* A fixed frequency for update (preferably once a month at least)
* An interactive sections for employees to provide inputs
* Use a lot of pictures and video to illustrate your key messages/events.
* No discrimination in the selection of features/articles to publish
* Make it personal by featuring actual interviews with staff or capturing of staff event.
* Incorporate jokes, quiz or riddles to make your magazine interesting and fun.
* Incorporate a system where feedback can be rewarding to encourage feedback from readers.

***November 2011 Question Seven A and C***

**QUESTION 8**

**b) The uses of circulars include**

* They enhance communication between the firm and its customers
* They are also used to enforce dress codes
* They are a means of implementing particular policies within an organization
* They are also used to invite employees to meetings or luncheons.
* They can also be used as an advertising tool

***November 2011 Question Five B***

**QUESTION 9**

1. **(i) Meaning of the term "memorandum".**

**A memo is the short form for a memorandum. The word comes from a Latin term "memoir" which means a reminder.**

**A memo is the most convenient method of conveying a simple message or idea to a big or a large groups of people and very quickly within the organisation. A Memo may be accompanied with a cover note which may some other important information not mentioned in the memo.**

**(ii) List four uses of a memorandum.**

* To serves as a reminder for events.
* To make a request/proposal.
* Used to notify of changes and decisions.
* Used as a caution.
* It is used to convey instruction or directive

***May 2010 Question Seven A***

**QUESTION 10**

1. **Purpose of job application letters and show how the attention, interest   
   desire, action (AIDA) organizational model could be used in job application letters.**

**First Impressions**

Hiring managers, HR professionals and most reviewers pay meticulous attention to the applicant's obvious standard of care when completing the forms. Poor spelling, ineligible penmanship and wrinkled documents are typically viewed as indicators that the applicant lacks the ability to perform well as an employee

**Gathering Information**

Job applications are questionnaires used by employers to gather critical data about prospective employees.

**Analyse the job applicants**

Employers use applications to evaluate the experience, continuity of employment, educational background and overall potential of prospective employees. Larger companies are likely to screen applications in their

Human Resource departments before forwarding them to hiring managers

**AIDA organizational model use in job application letters**

**A - Attention**

Catch the attention of the hiring manager by opening the letter by capturing the reader's attention in a businesslike way and stating that you are applying for a job and identifying the position or the type of work you are seeking.

1. **I – Interest**

Raise potential employer's interest by focusing on and demonstrating   
advantages and benefits and how suited, experienced and qualified you are to the   
job. You may do so by presenting your key qualifications relevant work experience and back up your claims by citing specific, achievements in educational, work etc.

1. **D – Desire**

Convince potential employer team that they want and desire to have you   
as the new employee being sort and that you will satisfy their needs by demonstrating your knowledge of the organization by citing its operations or trends in the industry.

1. **A – Action**

Lead potential employer towards taking action and/or inviting you for an   
interview by requesting an interview at the reader's convenience.

***May 2010 Question Five A***

**TOPIC 10**

**ORAL AND NON-VERBAL COMMUNICATION**

**QUESTION 1**

**(a) Advantages of consensus method of decision making:**

* Decisions may be easily accepted since they are taken after consultation.
* Consensus helps to project an image of unity and harmony in the organisation.
* Unnecessary and undesirable conflicts are avoided.
* The projected image of unity and harmony does give confidence and even respect to the organisation
* Time saving
* Quality decisions

***May 2014 Question five A***

**QUESTION 2**

1. **Skills relevant in non-verbal communication.**

* **Pay Attention to Nonverbal Signals**

People can communicate information in numerous ways; so pay attention to things like eye contact, gestures, posture, body movements, and tone of voice. All of these signals can convey important information that isn't put into words. By paying closer attention to other people's unspoken behaviors, you will improve your own ability to communicate nonverbally.

* **Look for Incongruent Behaviors**

If someone's words do not match their nonverbal behaviors, you should pay careful attention. For example, someone might tell you they are happy while frowning and staring at the ground. Research has shown that when words fail to match up with nonverbal signals, people tend to ignore what has been said and focus instead on unspoken expressions of moods, thoughts, and emotions.

* **Concentrate on Your Tone of Voice When Speaking**

Your tone of voice can convey a wealth of information, ranging from enthusiasm to disinterest to anger. Start noticing how your tone of voice affects how others respond to you and try using tone of voice to emphasize ideas that you want to communicate. For example, if you want to show genuine interest in something, express your enthusiasm by using an animated tone of voice.

* **Use Good Eye Contact**

When people fail to look others in the eye, it can seem as if they are evading or trying to hide something. On the other hand, too much eye contact can seem confrontational or intimidating. While eye contact is an important part of communication, it's important to remember that good eye contact does not mean staring fixedly into someone's eyes. How can you tell how much eye contact is correct? Some communication experts recommend intervals of eye contact lasting four to five seconds.

* **Ask Questions About Nonverbal Signals**

If you are confused about another person's nonverbal signals, don't be afraid to ask questions. A good idea is to repeat back your interpretation of what has been said and ask for clarification. An example of this might be, "So what you are saying is that..."

* **Use Signals to Make Communication More Effective and Meaningful**

Remember that verbal and nonverbal communication work together to convey a message. You can improve your spoken communication by using body language that reinforces and supports what you are saying. This can be especially useful when making presentations or when speaking to a large group of people.

* **Look at Signals as a Group**

A single gesture can mean any number of things, or maybe even nothing at all. The key to accurately reading nonverbal behavior is to look for groups of signals that reinforce a common point. If you place too much emphasis on just one signal out of many, you might come to an inaccurate conclusion about what a person is trying to communicate.

* **Consider Context**

When you are communicating with others, always consider the situation and the context in which the communication occurs. Some situations require more formal behaviors that might be interpreted very differently in any other setting. Consider whether or not nonverbal behaviors are appropriate for the context. If you are trying to improve your own nonverbal communication, concentrate on ways to make your signals match the level of formality necessitated by the situation.

* **Be Aware That Signals Can be Misread**

According to some, a firm handshake indicates a strong personality while a weak handshake is taken as a lack of fortitude. This example illustrates an important point about the possibility of misreading nonverbal signals. A limp handshake might actually indicate something else entirely, such as arthritis. Always remember to look for groups of behavior. A person's overall demeanor is far more telling than a single gesture viewed in isolation.

* **Practice**

Some people just seem to have a knack for using nonverbal communication effectively and correctly interpreting signals from others. These people are often described as being able to "read people." In reality, you can build this skill by paying careful attention to nonverbal behavior and practicing different types of nonverbal communication with others. By noticing nonverbal behavior and practicing your own skills, you can dramatically improve your communication abilities.

1. **Benefits of conducting exit interviews to an organization**

* They provide an opportunity to 'make peace' with disgruntled employees, who might otherwise leave with vengeful intentions.
* Exit interviews are seen by existing employees as a sign of positive culture. They are regarded as caring and compassionate - a sign that the organisation is big enough to expose itself to criticism.
* Exit interviews accelerate participating managers' understanding and experience of managing people and organizations. Hearing and handling feedback is a powerful development process.
* Exit interviews help to support an organization's proper HR practices. They are seen as positive and necessary for quality and effective people-management by most professional institutes and accrediting bodies concerned with quality management of people, organizations and service.
* The results and analysis of exit interviews provide relevant and useful data directly into training needs analysis and training planning processes.
* Exit interviews provide valuable information as to how to improve recruitment and induction of new employees. Exit interviews provide direct indications as to how to improve staff retention.
* Sometimes an exit interview provides the chance to retain a valuable employee who would otherwise have left (organizations often accept resignations far too readily without discussion or testing the firmness of feeling - the exit interview provides a final safety net).
* A significant proportion of employee leavers will be people that the organization is actually very sorry to leave (despite the post-rationalisation and sour grapes reactions of many senior executives to the departure of their best people). The exit interview therefore provides an excellent source of comment and opportunity relating to management succession planning. Good people leave often because they are denied opportunity to grow and advance. Wherever this is happening organizations need to know about it and respond accordingly.
* Every organization has at any point in time several good people on the verge of leaving because they are not given the opportunity to grow and develop, at the same time, ironically, that most of the management and executives are overworked and stretched, some to the point of leaving too. Doesn't it therefore make good sense to raise the importance of marrying these two situations to provide advantage both ways - ie., facilitate greater delegation of responsibility to those who want it? Exit interviews are an excellent catalyst for identifying specific mistakes and improvement opportunities in this vital area of management development and succession.
* Exit interviews, and a properly organised, positive exit process also greatly improve the chances of successfully obtaining and transferring useful knowledge, contacts, insights, tips and experience, from the departing employee to all those needing to know it, especially successors and replacements. Most leavers are happy to help if you have the courage and decency to ask and provide a suitable method for the knowledge transfer, be it a briefing meeting, a one-to-one meeting between the replacement and the leaver, or during the exit interview itself.

***June 2013 Question Seven A and B***

**QUESTION 3**

**c) Categories of non-verbal communication**

* **Facial Expression**

Facial expressions are responsible for a huge proportion of nonverbal communication. Consider how much information can be conveyed with a smile or a frown. While nonverbal communication and behavior can vary dramatically between cultures, the facial expressions for happiness, sadness, anger and fear are similar throughout the world.

* **Gestures**

Deliberate movements and signals are an important way to communicate meaning without words. Common gestures include waving, pointing, and using fingers to indicate numeric amounts. Other gestures are arbitrary and related to culture.

* **Paralinguistics**

Paralinguistics refers to vocal communication that is separate from actual language. This includes factors such as tone of voice, loudness, inflection and pitch. Consider the powerful effect that tone of voice can have on the meaning of a sentence. When said in a strong tone of voice, listeners might interpret approval and enthusiasm. The same words said in a hesitant tone of voice might convey disapproval and a lack of interest.

* **Body Language and Posture**

Posture and movement can also convey a great deal on information. Research on body language has grown significantly since the 1970's, but popular media have focused on the over-interpretation of defensive postures, arm-crossing, and leg-crossing. While these nonverbal behaviors can indicate feelings and attitudes, research suggests that body language is far more subtle and less definitive that previously believed.

* **Proxemics**

People often refer to their need for "personal space," which is also an important type of nonverbal communication. The amount of distance we need and the amount of space we perceive as belonging to us is influenced by a number of factors including social norms, situational factors, personality characteristics and level of familiarity. For example, the amount of personal space needed when having a casual conversation with another person usually varies between 18 inches to four feet. On the other hand, the personal distance needed when speaking to a crowd of people is around 10 to 12 feet.

* **Eye Gaze**

Looking, staring and blinking can also be important nonverbal behaviors. When people encounter people or things that they like, the rate of blinking increases and pupils dilate. Looking at another person can indicate a range of emotions, including hostility, interest and attraction.

* **Haptics**

Communicating through touch is another important nonverbal behavior. There has been a substantial amount of research on the importance of touch in infancy and early childhood. Harry Harlow's classic monkey study demonstrated how the deprivation of touch and contact impedes development. Baby monkeys raised by wire mothers experienced permanent deficits in behavior and social interaction. Touch can be used to communicate affection, familiarity, sympathy and other emotions.

* **Appearance**

Our choice of color, clothing, hairstyles and other factors affecting appearance are also considered a means of nonverbal communication. Research on color psychology has demonstrated that different colors can evoke different moods. Appearance can also alter physiological reactions, judgments and interpretations. Just think of all the subtle judgements you quickly make about someone based on his or her appearance. These first impressions are important, which is why experts suggest that job seekers dress appropriately for interviews with potential employers.

***November 2012 Question Seven c***

**QUESTION 4**

**c)**

**Stages of listening process**

Listening is actually a complex of processes and skills and so it’s convenient to divide the listening process into stages or steps. This is a five-stage model and seems to get at most, if not all, of the essential listening processes and, more important, enables us to identify the relevant skills at each stage. Here five stages are identified: Receiving, understanding, remembering, evaluating, and responding.  
  
**Listening at the Receiving Stage**  
The first stage in the process of listening is receiving the message. At this stage you listen not only to what is said (verbally and nonverbally) but also to what is omitted. You receive, for example, your boss’s summary of your accomplishments as well as the omission of your shortcomings or, perhaps, vice versa. Effective reception, then, consists of receiving what is as well as what is not said. Here are just three suggestions for improving your listening reception:

1. Focus your attention on the speaker’s verbal and nonverbal messages, on what is said and on what isn’t said. Avoid focusing your attention on what you’ll say next; if you begin to rehearse your responses, you’re going to miss what the speaker says next.
2. Avoid distractions in the environment; if necessary, shut off the stereo or and turn off your cell phone. Put down the newspaper or magazine; close your laptop.
3. Maintain your role as listener and avoid interrupting. Avoid interrupting as much as possible. It will only prevent you from hearing what the speaker is saying. This is not to imply that you should give feedback cues—minimal verbal or nonverbal responses (“I see,” “you’re right,” head nodding, widening of your eyes)—that say, “I’m listening.”

**Listening at the Understanding Stage**  
The second stage of listening is understanding the message. That is, after receiving the message, you process it; you extract the meaning from the message. You can improve your listening understanding in a variety of ways.

1. Avoid assuming you understand what the speaker is going to say before he or she actually says it. If you do make assumptions, these will likely prevent you from accurately listening to what the speaker wants to say.
2. See the speaker’s messages from the speaker’s point of view. Avoid judging the message until you fully understand it as the speaker intended it.
3. Ask questions for clarification, if necessary; ask for additional details or examples if they’re needed. This shows not only that you’re listening—which the speaker will appreciate—but also that you want to learn more. Material that is not clearly understood is likely to be easily forgotten.
4. Rephrase (paraphrase) the speaker’s ideas into your own words. This can be done silently or aloud. If done silently, it will help you rehearse and learn the material; if done aloud, it also helps you confirm your understanding of what the speaker is saying and gives the speaker an opportunity to clarify any misunderstandings.

**Listening at the Remembering Stage**  
The third stage of listening is remembering the message. It would help little if you received and understood the message but didn’t remember it. If you want to remember what someone says or the names of various people, this information needs to pass from your short-term memory (the memory you use, say, to remember a phone number just long enough to write it down) into long-term memory (or relatively permanent memory). Short-term memory is limited in capacity you can hold only a small amount of information there. Long-term memory is unlimited. To facilitate the passage of information from short- to long-term memory, here are FOUR suggestions:

1. Focus your attention on the central ideas. Even in the most casual of conversations, there are central ideas. Fix these in your mind. Repeat these ideas to yourself as you continue to listen. Avoid focusing on minor details that often lead to detours in listening and in conversation.
2. Organize what you hear; summarize the message in a more easily retained form, but take care not to ignore crucial details or qualifications. If you chunk the material into categories, you’ll be able to remember more information. For example, if you want to remember 15 or 20 items to buy in the supermarket, you’ll remember more of them if you group them into chunks—say, produce, canned goods, and meats.
3. Unite the new with the old; relate new information to what you already know. Avoid treating new information as totally apart from all else you know. There’s probably some relationship and if you identify it, you’re more like to remember the new material.
4. Repeat names and key concepts to yourself or, if appropriate, aloud. By repeating the names or key concepts, you in effect rehearse these names and concepts, and as a result you’ll find them easier to learn and remember. If you’re introduced to Alice, you’ll stand a better chance of remembering her name if you say, “Hi, Alice” than if you say just “Hi.”

**Listening at the Evaluating Stage**Once you’ve received, understood, and have the message in memory, you need to evaluate it. After all, not all messages are equal—some are lies, some are truths; some are significant, some are trivial; some are constructive, some are destructive. In evaluating messages consider these suggestions.

1. Resist evaluation until you fully understand the speaker’s point of view. This is not always easy, but it’s always essential. If you put a label on what the speaker is saying (ultraconservative, bleeding-heart liberal), you’ll hear the remainder of the messages through these labels.
2. Distinguish facts from opinions and personal interpretations by the speaker. And, most important, fix these labels in mind with the information; for example, try to remember that Jesse thinks Pat did XYZ, not just that Pat did XYZ.
3. Identify any biases, self-interests, or prejudices that may lead the speaker to slant unfairly what is said. It’s often wise to ask if the material is being presented fairly or if this person is slanting it in some way.
4. Recognize fallacious forms of “reasoning” speakers may use. Some of the more popular ones are:

* Name-calling: applying a favorable or unfavorable label to color your perception “democracy” and “soft on terrorism” are two currently popular examples.
* Testimonial: using positively or negatively viewed spokespersons to encourage your acceptance or rejection of something—such as a white-coated actor to sell toothpaste or a disgraced political figure associated with an idea the speaker wants rejected.
* Bandwagon: arguing that you should believe or do something because “everyone else does”.

**Listening at the Responding Stage**  
After you evaluate the message, you’re likely to respond in some way. And, of course, a speaker expects a response. Here are just a few suggestions for improving your responding to another’s messages.

1. Support the speaker throughout the speaker’s conversation by using (and varying) listening cues, such as head nods and minimal responses such as “I see” or “mm-hmm.” Using the “like” icon, poking back, reposting, and commenting on another’s photos or posts will also prove supportive.
2. Own your responses. Take responsibility for what you say. Instead of saying, “Nobody will want to do that” say something like “I don’t want to do that.” Use the anonymity that most social networks allow with discretion.
3. Resist “responding to another’s feelings” with “solving the person’s problems” (as men are often accused of doing) unless, of course, you’re asked for advice. Oftentimes, people simply want to vent and just want you to hear what they have to say.
4. Focus on the other person. Avoid multitasking when you’re listening. Show the speaker that he or she is your primary focus. You can’t be a supportive listener, if you’re also listening to a CD, so take off the headphones; shut down the iPhone and the television; turn away from the computer screen. And, instead of looking around the room, look at the speaker; the speaker’s eyes should be your main focus.
5. Avoid being a thought-completing listener who listens a little and then finishes the speaker’s thought. This is especially inappropriate when listening to someone who might stutter or have word-finding difficulties. Instead, express respect (and a real willingness to listen) by giving the speaker time to complete his or her thoughts. Completing someone’s thoughts often communicates the message that nothing important is going to be said (“I already know it”).

***May 2012 Question Six C***

**QUESTION 5**

**b)**

**i) Credibility.**

Credibility refers to one's capability of being believed. Akin to the wrong usage of words and tone, a lack of credibility can hinder effective communication and cause misunderstanding between a speaker and his audience. E.g. a speech on education given by a student and a professor

A confident speaker gives an impression of delivering credible and trustworthy information. e.g. speaking while maintaining eye contact with the listeners.

**ii) Logical argument.**

A logical argument is more convincing where the speaker shows emotion e.g. through raising of voice when disagreeing

**iii) Psychological appeal**

- When the presenter or speaker seem to be dull or irrelevant.

- Information overloads i.e. too much to be taken in by the listener.

- If the information cannot be understood by the listener.

- Destruction or noise can cause communication breakdown.

***November 2011 Question Six B***

**QUESTION 6**

* + - * 1. **Types of listening skills**

**Appreciative listening**

In appreciative listening, we seek certain information which will appreciate, for example that which helps meet our needs and goals. We use appreciative listening when we are listening to good music, poetry or maybe even the stirring words of a great leader.

**Selective listening**

Selective listening involves listening for particular things and ignoring others. We thus hear what we want to hear and pay little attention to extraneous detail.

**Critical listening**

In evaluative listening, or critical listening, we make judgments about what the other person is saying. We seek to assess the truth of what is being said. We also judge what they say against our values, assessing them as good or bad, worthy or unworthy.

**Full listening**

Full listening happens where the listener pays close and careful attention to what is being said, seeking carefully to understand the full content that the speaker is seeking to put across. This may be very active form of listening, with pauses for summaries and testing that understanding is complete. By the end of the conversation, the listener and the speaker will probably agree that the listener has fully understood what was said. Full listening takes much more effort than partial listening, as it requires close concentration, possibly for a protracted period. It also requires skills of understanding and summary.

**Relationship Listening**

The purpose of relationship listening is either to help an individual or to improve the relationship between people. Therapeutic listening is a special type of relationship listening. Therapeutic listening brings to mind situations where counsellors, medical personnel, or other professionals allow a troubled person to talk through a problem. But it can also be used when you listen to friends or acquaintances and allow them to "get things off their chests:' Although relationship listening requires you to listen for information, the emphasis is on understanding the other person

**Deep listening**

Beyond the intensity of full listening, you can also reach into a form of listening that not only hears what is said but also seeks to understand the whole person behind the words. In deep listening, you listen between the lines of what is said, hearing the emotion, watching the body language, detecting needs and goals, identifying preferences and biases, perceiving beliefs and values, and so on.

* + - * 1. **Measures to improve your listening skills**
* Minimize both internal and external distractions
* Adjust your listening skills to the situation
* When you are listening to a friend with a problem, demonstrate empathy.
* Don’t interrupt. Let the person finish what he is saying before you explain your point.
* Show your listening by your non-verbal communication. You might nod, shake your head, or even at times raise you eyebrows.
* Stay focused on the subject matter. Train yourself to always concentrate.
* Don’t prejudge a person message by the way he looks.

***May 2011 Question Seven***

**QUESTION 7**

1. **i) Qualities employers look for during a job interview**

**Emotional maturity**

**Employers need to have employees who are emotionally mature and who take responsibility for the quality of their work. Emotionally immature employees can cause problems between co-workers and are usually not team players.**

**Dedication**

**Employers know that those employees who only take a job for the money are not usually as productive as they could be. Employers want employees who actually are interested in the jobs they have and who want to succeed.**

**Loyalty**

**Companies look for employees who are loyal to the goals and mission of the company. This   
includes supporting the company and co-workers both verbally and through actions.**

**Cooperation**

**Team players are valuable assets for any company. Employers look for employees who are   
cooperative, open-minded and who can take criticism well. No one wants to work with someone who is touchy and who does not work well with others.**

**High energy**

**Employers want to know that their employees bring energy and enthusiasm to their workplace. Your attitude and energy are often reflected in the way you walk when you enter the room and how well you make eye contact. Employers feel that employees who are enthusiastic and energetic about their jobs will be more successful and productive.**

1. **i) Reasons why you might send a thank you message to the interviewer**

* Even if you do not think you will get the job, a thank you message could keep the door open to future opportunities within that organization.
* Conveys your continued interest in the job.
* **Show appreciation for the employer's interest in you.**
* **If you thought of something you forgot to mention in the interview you can mention it in the thank you letter**
* **Demonstrate that you have good manners and courtesy.**

**ii) How I would decide which communication medium to use for thank you message.**

* If employer seems to favour a casual, personal style a phone call might be   
  appropriate.
* If you do not want to get into conversation and possibly have to answer more   
  questions use e-mail.
* If employer's style is more formal send a short letter.

**iii) Circumstances under which an interviewee would write a letter of inquiry following a job interview**

* When the time promised by the interviewer to communicate has elapsed and you have not received any communication.
* If you are advised of the interview's decision by the promised date
* Where you have received another job offer from a different firm.
* You do not want to accept the new job before you have an answer from the first.

***May 2011 Question Five***

**QUESTION 8**

**b) Principles of effective use of visual aids in a presentation.**

Many people will understand the message of a presentation more clearly when it is more visual. What we see often leaves a more lasting impression than what we hear. One can use slides, photographs, PowerPoint presentations, handouts, or even a simple whiteboard to add visual cues to a presentation.

* **Simplicity**

Visual aids should be simple and contain only one message. Placing more than one message on a single image confuses the audience and diminishes the potential impact of visual media.

* **Cost**

Use visual only when it’s economical to do so ask the audience to read or listen, not both; visual aids should not provide reading material while you talk. Rather, use them to illustrate or highlight your points.

* Give participants paper copies of various graphic aids used in your presentation.

They will be able to write on the paper copies and have them for future reference.

* Use local photographs and examples when discussing general problems and issues.
* Determine the difference between what you will say and what the visual aid will   
  show. Do not read straight from your visuals.
* Use of charts and graphs to support the presentation of numerical information.
* Develop sketches and drawings to convey various designs and plans.
* When preparing graphics, make sure they are not too crowded in detail. Do no over- use color. See that line detail, letters, and symbols are bold enough to be seen from the back of the room.
* Do not use visual aids for persuasive statements, qualifying remarks, emotional   
  appeals, or any type of rhetorical statement.
* If you have handouts, don't let them become a distraction during the presentation.
* They should provide reinforcement following your address. Consider giving them out   
  after the presentation, unless the audience will use them during the presentation or   
  will need to review them in advance of the presentation.
* Practice presenting the full program using graphic materials so you are familiar with their use and order.
* Seek feedback on the clarity of your visuals and do so early enough to allow yourself time to make needed adjustments.

***November 2010 Question Six B***

**QUESTION 9**

**a) Basic techniques of conducting an interview**

A job interview is an employer's chance to find out not only the qualifications of a candidate, but also how the candidate solves problems and answers questions. Below are the different techniques for conducting an interview that can help the employer to get specific information he needs during the interview process.

1. **Get prepared.**

The interviewer should review a job candidate’s resume prior to the interview and make notes on the questions to ask. The questions should be written out in advance. The interviewer should also be prepared on how to react the answers to be given.

1. **Seek for clarity**

The interviewer should ask the candidate to either repeat something important they said or clarify a point if it is unclear to him.

1. **Maintain Control**

The interviewer should allow the candidate to give as much information as is needed, but always maintain control of the interview. If the candidate is taking the interview in a direction he does not want to go in then he should use statements and questions to bring it back to where he wants it to be

***November 2010 Question Five A***

**QUESTION 10**

**a) Advantages and disadvantages of open ended questions during an interview and conducting exit interviews**.

**Open ended questions during an interview**.

**Advantages**

* Allows more spontaneity
* Makes phrasing easier for the interviewer
* Useful if the interviewer is unprepared
* Open-ended questions allow interviewees to give more information, including feelings, attitudes and understanding of the field they are interviewing for. This allows interviewers to better assess the respondents' true understanding on an issue/ field.
* Open ended questions help in interview flow: Closed questions that require just a   
  "yes" or "no" response contribute little to the flow of the interview and provide   
  minimal information.
* Open ended questions help interviewers assess candidates' initiative on researching   
  about the organization. Candidates who have done their 'homework' come across as   
  resourceful candidates who are able to gather enough information to make well-   
  informed decisions, an essential job competency.
* Open ended questions ask for a detailed answer and the interviewee has to come up   
  with his own ideas and thoughts. This tests the critical thinking skills of the interviewee.
* Open end questions allow employer to test candidate's ability to articulate their   
  previous work experience.

**Disadvantages**

* Depending upon schedule, employer may run out of time and possibly be unable to   
  ask all job interview questions.
* Can be harder to record responses and compare different candidates.
* Candidates may take up a significant amount of time in answering open ended   
  questions.
* Candidate may answer the questions based upon what they think the employer   
  wants to hear instead of how they really feel.
* Possibly losing control of the interview

**b) Conducting exit interviews.**

Exit interviews are interviews conducted with departing employees, just before they leave.

**Advantages**

* Exit interviews accelerate participating managers' understanding and experience of   
  managing people and organizations. Hearing and handling feedback is a powerful   
  development process.
* Exit interviews are seen by existing employees as a sign of positive culture. They are   
  regarded as caring and compassionate - a sign that the organization is big enough to   
  expose itself to criticism.
* Exit interviews provide direct indications as to how to improve staff retention.
* Sometimes an exit interview provides the chance to retain a valuable employee who   
  would otherwise have left because sometimes organizations often accept resignations far too readily   
  without testing the firmness of feeling of the employee
* Exit interviews provide valuable information as to how to improve recruitment and   
  induction of new employees.

**Disadvantages**

* **Lack of trust**:

Even when assurances of anonymity and confidentiality are provided, some   
departing employees have very little trust in anyone in the agency, including staff   
from the human resources area.

* **Costly**

Exit interviews are relatively expensive to administer e.g. salary cost of the person conducting the interview

* **Achieving objectivity not easy**

It is difficult to objectively quantify data, particularly when several interviewers are   
conducting interviews at different locations.

***May 2010 Question Six***

**TOPIC 11**

**PRESENTATION SKILLS**

**QUESTION 1**

1. **Six graphic communication tools used when preparing a business proposal.**

* Charts: A chart is a graphical representation of data, by use of symbols such as bar chart. Line in line chart, pie chats etc.
* Diagrams A diagram is a symbolic representation well suited to the presentation of ideas
* Graphs Graph is an abstract representation of data e.g. Bar graph, line graph, tables etc.
* A map is a visual representation of an area that is symbolic depiction highlighting relationship between elements of that space such as objectives, regions and themes
* Drawings: A drawing is a form of visual art that makes use of any number of drawing
* Photographs The reader is able to see clearly and exactly what the writer is talking about

***December 2014 Question Seven B***

**QUESTION 2**

**(c) Benefits of audience profiling.**

* Knowing your audience for example their education level, language and culture helps one develop a speech.
* Analysing your audience will help you discover information to create a link to establish common ground between you and your audience.
* Analysing ones audience helps one to discover who the members of the audience are, their attitudes and what they need to know
* One is able to predict how the audience will react to the presenter's message
* Helps one to know what to include in the message and how to include it.

***May 2014 Question six C***

**QUESTION 3**

**c) Characteristics of an effective speech**

* **Clarity**

Clarity is an essential feature of a good speech. Speech should be clear and unambiguous so that the audience can understand it easily. If it is not clear enough to express its meaning to the audience, it will become ineffective.

* **Definiteness of Message**

Message of the speech should be definite and relevant with the subject matter.

* **Conciseness**

Audience becomes impatient to long speech. Hence, speech should be as concise as possible. However, it should not incomplete.

* **Interesting**

Speech should be delivered in an interesting and pleasing way so that the audience is motivated to pay attention. In order to make the speech interesting, various stories, examples, quotations and jokes can be cited.

* **Informal Touch**

Though speech is a formal address, it should be presented in a personal and informal way.

* **Considering the Audience**

Speech is delivered to a specific audience. So the speaker should actively consider the expectations, interest and nature of the audience.

* **Speaking Slowly**

An ideal speech is one which is delivered slowly and in usual tone. It helps the audience to hear and understand the message clearly.

* **Free from Emotions**

Another important feature of good speech is that it should be delivered in an unbiased and un-emotional way. Speaker’s emotion may drive him away from the main theme.

* **Use of Body Language**

Good speech goes with necessary body language. Therefore, at the time of delivering speech, the speaker should use various nonverbal cues.

* **Ensuring Participation of Audience**

A good speech is one which ensures participation from the audience with the speaker. That means, the audience will ensure their attention through effective listening, expressing their solidarity with the speech and so on.

***June 2013 Question Six C***

**QUESTION 4**

**b) Factors an entrepreneur should consider to make audio visual communication effective**

* Avoid overwhelming the audience with excessive use of animation.
* Avoid sound clips or to blend colors which are inappropriate for the topic under discussion.
* Avoid lengthy document in tiny print and make it difficult for audience to read.
* The language or images selected should reflect the nature of the presentation and represent a dimension of the subject under discussion/being presented.
* Care should be taken not to use offensive images, phrases or music. (Do semi-clothed people actually sell cars?) The seating arrangements/room layouts are designed (and double-checked by you) so that everyone can hear or see what’s going on.
* There is sufficient technical back-up.
* Avoid using effects which could upset your audience (e.g. loud bangs, flickering lights, strobe lights, fireworks) or even endanger them.
* It better to opt for simplicity and clarity rather than complexity and confusion.
* Always make reference to a visual.
* Avoid turning away from the audience to operate audio-visuals; either use technical support or arrange for your and the audience’s convenience.
* Try not to obscure visuals by standing in front of them.
* To keep attention, use audio-visuals at low attention periods such as after lunch, before a break or towards the end of a session.

***November 2012 Question Six B***

**QUESTION 5**

**a)** **Persuasive communication**

**Persuasion** is a form of [social influence](http://psychology.wikia.com/wiki/Social_influence). It is the process of guiding people toward the adoption of an idea, attitude, or action by rational and symbolic (though not only logical) means. It is a problem-solving strategy, and relies on "appeals" rather than force

***November 2011 Question Six A***

**QUESTION 6**

**c) Four characteristics of an effective speech.**

**Precision**

As much as possible make it simple, precise and to the point. A good speech does not require a long period of time.

**Confidence**

Speak like nobody is around. Focus on the idea you are going to deliver. Accept the fact that no matter how good speaker you are still there are some listeners whom you can never please. Do not mind them. Instead consider   
it as a challenge to strive more for your future speaking engagements.

**Make eye contact**

Nothing makes an audience more alert than a speaker who can stare down a crowd. Making eye contact means making a connection, and that is the number one goal. So let your eyes wander up from your notes as often and naturally as possible.

**Let the audience participate**

It's not applicable to all speeches, but letting members of the audience participate during your presentation will warm up a crowd. It'll encourage them to pay attention, thus making you easier to understand. Participation can range anywhere from asking for a show of hands to dividing the group into little clusters and giving each cluster a task. However, you should never call on someone who is not prepared to answer, nor should you ever embarrass anybody

***November 2010 Question Five C***

**TOPIC 12**

**MEETINGS**

**QUESTION 1**

1. **Highlight five duties of a secretary during the day of a meeting.**
2. Arrive in good time before the meeting with the minutes and with all the relevant correspondence and business matters for that meeting, in good order.
3. Record the names of those who are present, and convey and record apologies received from those who are absent;
4. Read the minutes of the previous meeting, and if they are approved, obtain the chairperson's signature on them;
5. Report on action or matters arising from the previous minutes. Read any important correspondence that has been received;
6. Unless there is a minutes secretary, take notes of the meeting, recording the key points and making sure that all decisions and proposals are recorded, as well as the name of the person or group responsible for carrying them out. Make sure action points are clear.
7. Make sure that the chairperson is supplied with all the necessary information for items on the agenda, and remind the chairperson if an item has been overlooked.

***December 2014 Question Five B***

**QUESTION 2**

1. **i. Theatre style**

It occurs where the seats or chairs in rows facing a stage area, head table, or speaker (with no conference table)

This is the most efficient set-up when the attendees will act as an audience. This set-up is not recommended for food events or if note taking is required.

**ii. U shape style**

It is a series of conference tables set in the shape of the letter U, with chairs around the outside. This layout style is often used for board of directors meetings, committee meetings, or discussion groups where there is a speaker, audio-visual presentation or other focal point.

**iii. Classroom style**

It occurs when the rows of conference tables with chairs facing the front of a room (and usually a speaker), providing writing space for each person.

This room set-up is ideal for note taking, meetings requiring multiple handouts or reference materials, or other tools such as laptop computers. This is the most comfortable set-up for long sessions and allows refreshments to be placed within reach of each attendee.

**iv. Boardroom style**

It comprises of a rectangular or oval table set up with chairs around all sides and ends.

This table layout is often used for board of directors meetings, committee meetings, or discussion groups.

***June 2013 Question Six A***

**QUESTION 3**

1. **Procedure to be observed to ensure the success of a meeting.**

A meeting becomes successful when its objectives are met at the conclusion. Proper   
preparations by the chair and members before the meeting will ensure that the meeting   
progresses without a glitch. The following measures will help to make a meeting successful:

1. **Call meeting to order**

At the exact time mentioned in the agenda, the chair should call the meeting to   
order.

1. **Ascertain quorum**

The quorum should be ascertained. Usually a quorum consists of a majority of committee members as prescribed by the constitution of the company (more than half the members of the organization). If there are insufficient members for a quorum to constitute, the chair should postpone the meeting for a certain time, say, 20 minutes, till there are enough quorums. This should be included in the minutes and mentioned during the start of the meeting.

**Read out the agenda of the meeting**

Once the quorum is ascertained, after roll call, the chair will read out the agenda and   
have it approved by the meeting. The meeting will then proceed according to the   
agenda.

**Set time for each item on the agenda**

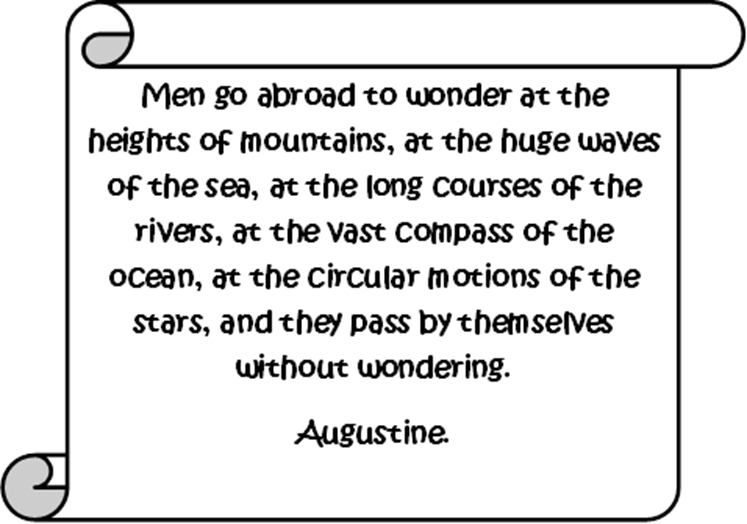
A time limit should be fixed for each item on the agenda to avoid spending a lot of time on a single item of the agenda.

**Follow discussion rules**

While leading the meeting the chairman should ensure;

* **Everyone has equal rights and can participate.**
* **The will of the majority is carried out.**
* **The minority are heard.**
* **Only one topic is considered at a time**
* **Decision-making is done fairly and impartially.**

***November 2010 Question Five B***

****

**TOPIC 13**

**BUSINESS CORRESPONDENCE**

**QUESTION 1**

1. **Five types of express delivery services offered by postal corporations**

* **EMS: EMS (Expedited Mail Service)** is an international and domestic courier services for both documents and parcels offered under the brand name EMS Kenya with service levels that meets international standards in speed, reliability, security, accessibility and at affordable prices.
* Registered mail Post
* Parcel collecting and delivery
* International

***December 2014 Question Seven C***

**QUESTION 2**

**(c) Methods of filing that can be used in an enterprise**

* **Filing by subject/category**

It’s a records management method in which documents are classified, coded, and stored by their subject matter

* **Filing in alphabetical order**

It’s a record management method in which folders are arranged in the same sequence as the alphabet

* **Filing by numbers/numerical order**

Record keeping method in which files are arranged in their consecutive numerical order, from the lowest number to the highest

* **Filing by places/geographical order**

Record keeping method in which documents are filed alphabetically within categories arranged according to geographic locations of the source or destination of the record

* **Filing by dates/chronological order**

It refers to ordering documents and records in sequence according to their date of receipt, or date or time of their creation. The latest item is put usually in front (top) of the previous items

***June 2013 Question Five C***

**QUESTION 3**

**d) Conditions of acceptance of a parcel for registered post**

* Accurate value of the item Owino is sending must be declared
* The item Owino want to send must have a return address or indication of origin   
  acceptable to the post office, clearly displayed on the outside of the packaging.
* Fragile parcel must be clearly marked as such
* The parcel must be weighed to ensure it is within the weight limit per parcel.

***May 2010 Question Seven D***

**TOPIC 15**

**INFORMATION TECHNOLOGY AND COMMUNICATION**

**QUESTION 1**

1. **Benefits of e-mailing memos in an organization**

* **Emails are easy to use.**

You can organize your daily correspondence, send and receive electronic memos and save them on computers.

* **Emails are fast.**

Memos are delivered at once around the organization. No other form of written communication is as fast as an email.

* **Language**

The language used in emails is simple and informal.

* **You can attach the original message for clarity**

When you reply to an email you can attach the original message so that when you answer the recipient knows what you are talking about. This is important if you get hundreds of memos a day.

* **Environmental friendly**

Emails do not use paper. They are environment friendly and save a lot of trees from being cut down.

***June 2013 Question Six B***

**QUESTION 2**

**b) Benefits of using electronic data interchange**

1. **Remove document re-keying**

By removing the manual keying of key business documents such as orders, invoices acknowledgments and dispatch notes your company can benefit significantly by::

* Reduced labour costs
* Elimination of human keying errors
* Faster document processing
* Instant document retrieval
* Remove reliance on the postal service

1. **Eliminate Paper**

Paper-based trading relationships have some inherent disadvantages when compared with their electronic trading equivalents which include:

* Stationery and printer consumable costs
* Document storage costs
* Lost documents
* Postage costs

1. **Reduce lead times and stockholding**
   * Electronic trading documents can be delivered far more quickly than their paper counterparts, thus the turnaround time from order to delivery can be reduced.
   * By using EDI for forecasting and planning, companies are able to get forward warning of likely orders and to plan their production and stock levels accordingly.
   * Companies receiving advanced shipping notes or acknowledgments know in advance what is actually going to be delivered, and are made aware of shortages so alternate supplies can be sourced.
   * Integrating electronic documents means they can be processed much faster, again reducing lead times and speeding up payments.
2. **Increase quality of the trading relationship**
   * Electronic trading documents when printed are much easier to read than copies faxed or generated on multi-part stationery by impact printers.
   * Accurate documents help ensure accurate supplies.
   * Batches of electronic documents are usually sequentially numbered, therefore missing documents can easily be identified, not causing companies to wade through piles of paper.
3. **Competitive Edge**

Because electronic data interchange (EDI) makes you attractive to deal with from your customers' point of view, and you are in their eyes cheaper and more efficient to deal with than a competitor trading on paper, your costs will be lower because you will require less manpower to process orders, deliveries or payments

***December 2012 Question Two B***

**QUESTION 3**

1. **Definition of the following terms**
2. **Multimedia communication**

It is a technique (as the combining of sound, video, and text) for expressing ideas (as in communication, entertainment, or art) in which several media are employed. Multimedia is usually recorded and played, displayed, or accessed by information content processing devices, such as computerized and electronic devices, but can also be part of a live performance.

Multimedia devices are electronic media devices used to store and experience multimedia content. Multimedia is distinguished from mixed media in fine art; by including audio, for example, it has a broader scope.

1. **VOIP**

This is an acronym for Voice over Internet Protocol. It is a technology that allows telephone calls to be made over computer networks like the Internet. VOIP converts analog voice signals into digital data packets and supports real-time, two-way transmission of conversations using Internet Protocol (IP). VOIP calls can be made on the Internet using a VOIP service provider and standard computer audio systems. Alternatively, some service providers support VOIP through ordinary telephones that use special adapters to connect to a home computer network.

1. **EFT**

Electronic funds transfer (EFT) is the electronic exchange, transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems. The growing popularity of EFT for online bill payment is paving the way for a paperless universe where checks, stamps, envelopes, and paper bills are obsolete. The benefits of EFT include reduced administrative costs, increased efficiency, simplified bookkeeping, and greater security. However, the number of companies who send and receive bills through the Internet is still relatively small

**c) Benefits that could accrue to an entrepreneur from a well-designed customer oriented website.**

* **Reaching a Wider Audience**

The first and perhaps most obvious advantage of a business website is the potential for reaching a wider audience. The internet is used by literally millions of people.

Building a website for your business will mean you could potentially reach these otherwise unreachable customers. Your business might be local, but you might have the potential to sell your products or services to a wider market, whether it be people in the next town, the nation as a whole or even the international market. Data shows that internet shopping is still on the rise, so taking your business online will potentially allow you to take advantage of the growth and expand your business. Even if you have no intention of using a business website to sell, you still might want to let customers know about your business. People commonly research businesses online before actually visiting the business location. So having a well-designed website will help encourage them to come and visit you or be able to find your business in the first place.

* **Anyone, Anywhere & Anytime**

An advantage of having a website is your business information and details about your products and services can be accessed by anyone, no matter where they are on the planet or what time of day it is. The internet is online 24 hours a day, 7 days a week. So even if your business isn’t open your website will be.

If you have a contact form or another way for people to be able to contact you – even if it is as simple as your e-mail address on your website, then people can potentially get in contact with you, whether you’re in front of a computer or not.

In the modern age, people are using their mobile phones more and more to browse the internet, find out about businesses and even buy products and services. So even if your website is just a short description of your business it might help customers find your location while they are on the move. This is especially important for restaurants, pubs and other eateries, but is also a relevant consideration for most other businesses.

* **Easy Access To Business Information**

With a website, customers can easily access information about your business. They can see what products or services you sell, your prices, your location and much more. Whatever you decide to tell them, they can find it with a few clicks of a mouse.

* **Keeping It Fresh**

Once a website is designed, you can keep it up-to-date to be relevant to your business and encourage more visitors (and potential sales). More and more people are using a blog to promote their business. In fact, research shows that businesses that blog get more traffic onto their website. So using a blog to keep content fresh and attract attention could mean a big difference to your business.

* **Publicity & Advertising**

You may think of the advantages of a website in terms of advertising and publicity for your business. The costs of having a business website are actually quite low. The ongoing costs are minimal, but the potential return on investment could be quite significant. Think of the business website in terms of advertising for your business and you’ll be more likely to see the value.

* **Links From Others & Viral Marketing**

With a website and the current use of social media and marketing, it is quite possible for a good idea, clever product or business service to go “viral”. Word spreads like wildfire across the internet and even the smallest business can get worldwide recognition without any effort on their own part. Viral marketing is a boom in recent years.

If your business is good, people will link to it, people will talk about it and they will share their thoughts. Recognition of your business and your brand will grow.

* **Securing Your Brand Online**

Having a website for your business is not just an advantage; it’s an essential way to protect your business brand online. There is a risk that if you don’t have a business website and secure a domain name relevant to your business then someone else will do it for you. The act of cybersquatting is now less prevalent since the introduction new laws to combat it, but there is still a risk of someone innocently taking your preferred domain name. Others with a gripe against your business might use a website or social media accounts to damage your business reputation. Getting there first will allow you to protect and secure your business brand online.

* **Offer Convenience**

It is far more convenient for a person to research a product on the Internet than it is to get in a car, drive somewhere and look for or ask someone for information on a product. Also, a potential customer won’t have to judge a call centre agent to determine whether he/she has their best interests in mind, or just wants to make a sale. The potential customer can visit your website whenever they like in their own privacy and comfort, without the stresses and distractions that exist in the real world

* **Improve credibility**

A website gives you the opportunity to tell potential customers what you are about and why you deserve their trust and confidence. In fact, many people use the internet for pre-purchase research so that they can determine for themselves whether a particular supplier or brand is worthy of their patronage, and won’t take them for a ride.

* **Diversify Revenue Streams**

A website is not just a medium for representation of your company, it is a form of media from which everybody can acquire information. You can use this media to sell advertising space to other businesses. A recent trend has risen where businesses feature their very own directory of complimentary services, where the visitor can search for information on a business that will enhance the use of your service. The business sells complimentary businesses a listing in their directory. A good example is a catering company featuring a directory with businesses such as event co-coordinators, electronic equipment rental companies, etc.

***December 2012 Question Five A and C***

**QUESTION 4**

1. **Guidelines for conducting an effective online research**

* Know where and how to search efficiently to find the best information for your purposes
* Make good decisions regarding the quality and appropriateness of your information sources, including assessing whether a resource is trustworthy and up-to-date
* Know who has rights to the work you use
* Know how to properly give others credit for their ideas
* Know the extent to which you can ethically remix or synthesize ideas and information in your own work

***December 2012 Question Seven B***

**QUESTION 5**

**c) i) Meaning of Bluetooth technology**

Bluetooth is a [proprietary](http://en.wikipedia.org/wiki/Proprietary_protocol) [open](http://en.wikipedia.org/wiki/Open_standard) [wireless](http://en.wikipedia.org/wiki/Wireless) technology standard for exchanging data over short distances (using short-wavelength radio transmissions in the [**ISM**](http://en.wikipedia.org/wiki/ISM_band)band from 2400–2480 MHz) from fixed and mobile devices, creating [personal area networks](http://en.wikipedia.org/wiki/Personal_area_network) (PANs) with high levels of security. Created by telecoms vendor [Ericsson](http://en.wikipedia.org/wiki/Ericsson) in 1994, it was originally conceived as a wireless alternative to [**RS-232**](http://en.wikipedia.org/wiki/RS-232) data cables. It can connect several devices, overcoming problems of synchronization.

**ii)** **Possible applications of Bluetooth technology in an enterprise**

1. A Bluetooth-mouse could be used at a further distance from a monitor, and while moving about in the room.
2. A Bluetooth-keyboard could be used further away from the monitor. This would reduce eye-strain for persons who are long-sighted. Increasing the distance would also reduce exposure to electromagnetic radiation from the monitor.
3. A Bluetooth-keyboard could also be used to address more than one computer, in a dynamic, switchless manner.
4. Use e-mail while your portable PC is still in the briefcase! When your portable PC receives an e-mail, you'll get an alert on your mobile phone. You can also browse all incoming e-mails and read those you select in the mobile phone's display.
5. A travelling businessman could ask his laptop computer to locate a suitable printer as soon as he enters a hotel lobby, and send a printout to that printer when it has been found, and replied in a positive manner.
6. Cable-less connection to printers and faxes.
7. Cable-less connection to digital cameras and video projectors.
8. Cordless connection from cell phone to hands free headset.
9. Bluetooth interface to office PBX.
10. Dial-up networking and automatic e-mail.
11. Use cell phone as office cordless phone.
12. Use of PC or PDA as hands free phone.
13. Automatic exchange of files, electronic business cards, calendars etc.

***May 2012 Question Seven C***

**QUESTION 6**

**b) i) Definition of video conferencing**

Conducting a [conference](http://www.webopedia.com/TERM/C/conference.html) between two or more participants at different sites by using [computer](http://www.webopedia.com/TERM/C/computer.html) [networks](http://www.webopedia.com/TERM/N/network.html) to transmit audio and [video](http://www.webopedia.com/TERM/V/video.html) [data](http://www.webopedia.com/TERM/D/data.html) for example, a point-to-point (two-person) video conferencing [system](http://www.webopedia.com/TERM/S/system.html) works much like a video telephone. Each participant has a video camera, microphone, and speakers mounted on his or her computer. As the two participants speak to one another, their voices are carried over the network and delivered to the other's speakers, and whatever images appear in front of the video camera appear in a [window](http://www.webopedia.com/TERM/W/window.html) on the other participant's [monitor](http://www.webopedia.com/TERM/M/monitor.html).

**ii) Circumstances when the use of video conferencing would be the most suitable mode of communication**

* Where parties to communicate are at different locations Distance
* Where there is need to hold regular meetings
* Where non-verbal communication is critical

***May 2012 Question Five B***

**QUESTION 7**

**b) The advantages of a PDA are;**

A personal digital assistant (PDA) allows you to efficiently access, organize, collect, store, and process various kinds of information, and work with it on the run. It is small in size, like a pocket calculator or a pocket address book. Being a hand-held electronic device, it is designed to fit your palm as easily as your pocket.

They combine multiple features where they allow one to export and import data, store various information and make to do lists.

**Advantages**

1. One can use it as an address book and calendar simultaneously.
2. They are also convenient and easy-to-use time management tools.
3. One can also store various information in password-protected databases.
4. They also have an advanced RTF editor for the notes.
5. One can also compose prioritized to do lists.

***November 2011 Question Seven B***

**QUESTION 8**

**a) Discuss six factors that an entrepreneur should put into consideration prior to commencing trading on the internet.**

**Initial capital investment**: Online trading comes with a number of initial capital investments which include computers and delivery vehicles. Extra benefits from trading online should eventually cover for these costs.

**Internet access:** Do I have access to reliable and affordable internet? If not then the customers may not be too happy with the service rendered.

**Relevant experts**: Before deciding to trade online one should have access to the relevant IT experts to help set up and maintain the trading website. An additional cost which should be taken into account.

**Target client computer literacy**: The target client should be willing and have the ability to purchase the products online.

**Legal issues:** Never assume that, because others are doing it, then it must be legal.

This is the most common error into which new Internet entrepreneurs fall. Just because somebody else is providing a service/content in Internet that doesn't mean the service/content is legal, or at least, that there is no legal risk in providing it. Each activity is subject to different regulations which need to be complied with, and many   
of the various possible ways of performing such activity have different legal consequences that need to be assessed.

**Audit website**: When starting online business, and regularly, have a full legal review performed on the website to identify any misleading or ambiguous advertising, determine how to comply with personal data protection and privacy issues, analyze how to protect against defamation or copyright infringement claims, underage access, and other regulatory and compliance issues.

**b) Benefits of an organizational manual to an entrepreneur.**

1. Make operating in sole proprietor's absence possible and smooth.
2. Defining target market (who your customers are or will be) and how to best reach them through strategic marketing actions or expanding market coverage or reach.
3. Defining corporate objectives and programs to achieve those objectives.
4. Helping your business make money from the start by developing effective operational strategies
5. Aids in obtaining funding: Potential investors will have a variety of questions about entrepreneur's potential or existing business. A complete organizational manual not only provides them with answers, but shows that one is organized and has considered all of the marketing, legal, financial, human resources and other aspects of running a business. A thorough organizational manual will increase ones chance of obtain venture capital and bank loans.
6. Streamlined processes – When writing procedures, it sometimes becomes apparent that those processes could be improved or changed to make them more efficient, avoid duplication of effort, or close loopholes. One important benefit of developing a manual is a smoother running organization.

***November 2010 Question Seven***

**QUESTION 9**

* + - * 1. **Distinguish between fax and email.**

**Distinction between fax and E-mail**

|  |  |
| --- | --- |
| **Fax** | **E-mail** |
| * Fax refers to a system of transmitting exact copies of documents quickly and accurately over telephone lines  to another fax terminal * Faxes are considered legal documents for transaction purposes * Faxes, on the other hand, are an encrypted transmission. People can't hack and decode fax messages * Faxes don't transmit viruses. | * Email is the term used to describe a range of electronic transmission services but is commonly applied either to a company's mailbox system operated via its own computer or to one of the services provided by internet service providers. * emailed signatures are not legal * Because emails are not encrypted as they get transmitted, hackers can intercept the data. * Email attachments can harbor viruses |

**c) Highlight five benefits of using telex services.**

* Speed - Telex services are fast.
* Telex provides a legal transmission standard, regardless of origin or destination.
* Telex provides a secure way of sending information
* Messages can be read by the recipient at their own convenient time.
* Ability to receive messages outside office hours.
* Foreign languages can be translated at leisure before replying.
* Most businesses are telex subscribers, hence convenient to use
* Telex is one of the most reliable, universally available forms of electronic data

***May 2010 Question Seven B and C***

**QUESTION 10**

**b) Eight benefits of blogging to business communication.**

**Cost-effective**

Blogging is a low-cost alternative to having a web presence. For small business owners without the time to learn web html or the money to hire a designer/developer, blogging offers an inexpensive method to get your company's name out on the Internet.

**Direct Communications**

Over time will you will build up a readership of people who have subscribed to receive updates to your blog because they are interested in what you have to say. Every time you publish a new article it gets pushed out to all your readers giving you the ability to communicate directly with your target audience.

**Reputation Management**

Blog helps to counter any negative press about your company or business.

**Brand Building**

A blog is a great way to get your brand in front of thousands of people who otherwise would never know you existed.

**Develop your position and your reputation as an expert**

Blogs help businesses demonstrate their knowledge, expertise and experience on matters relating to their industry and a chance to show expert position in their specialism

**Competitive Differentiation**

Makes your potential customers know the difference between you and your competitors. You will tell them on your blog! Show them how you work, what sets you apart and how your solution to their challenges is unique.

**Social Media Marketing**

Community sites such as Face book and MySpace, and social bookmarking sites like delicious, Stumble upon and dig can produce astounding results. If you are lucky enough to have one of your blog articles go 'viral' on one of these sites you should brace yourself for a surge of new website visitors and possibly some high quality inbound links.

**Media & Public Relations**

The chances are that if you are running a blog but your competitors are not, most customers and media will contact you, not them.

***May 2010 Question Five B***

**TOPIC 16**

**ETHICS AND INTEGRITY IN BUSINESS COMMUNICATION**

**QUESTION 1**

1. **Six benefits which could accrue to an organisation from suggestion schemes.**

* Means by which employees can formally submit ideas to their organisations
* Committed by management to encourage employees to offer ideas
* Enhance the communication channels within organisations hence improved communication throughout the organisation
* Add to the efficiency and effectives of the organisation
* Promoting creativity and innovation throughout the organisation
* Indirect cost savings
* Improved quality and service to external and internal customers
* Empowerment of staff
* Improved staff Morale

1. **Five unethical communication practices likely to be found in the business world.**

* **Dishonest:** communication must be factually accurate and non-deceptive.
* **Inaccurate and incomplete information:** statements that are technically accurate but are presented in ways that are designed to confuse or mislead the consumer or leave out relevant information.
* **Withholding crucial information-** Communicated information should be absolute and appropriate because information is vital for decision making
* **Plagiarism**:  taking someone else's work and presenting it as your own without crediting the original creator
* **Offensive :** use of offensive words signs or gestures

***December 2014 Question Six B and C***

**QUESTION 2**

**(b) Five ways in which ethical issues could be mainstreamed.**

* Establishing an ethics code of conduct for its employees.
* Institutionalising ethical codes and standards in doing business.
* Educating employees on ethical issues.
* Establishing an ethics adherence by its employees.
* Constant review of the ethical codes to meet the changing needs
* Rewarding
* Ethics committee

***May 2014 Question three B***

**QUESTION 3**

**c) Unethical practices in communication**

**Plagiarism**

As speakers, we are expected to remain honest when we present information.

When communicators steal concepts without giving credit to others these individuals/groups are breaching the ethical concept of honesty. This is called plagiarism. It occurs whenever a person uses another person’s ideas he/she is expected to give credit to the creator -- even if the speaker(s) rewords or paraphrases the information.

**Bias**

Whenever a person or group intentionally presents information that unevenly favors or discredits one side of a topic, the speaker is presenting what is called a biased position.

**Propaganda**

Oftentimes, groups and individuals may wish to persuade their audience to think or act a certain way. The deliberate use of a message or image to persuade or influence an audience is called propaganda. While the term has an overall negative connotation today, the use of propaganda is not always a negative practice. The primary purpose of propaganda is to appeal to audience members’ emotional and rational thought processes.

Therefore, propaganda is not necessarily an unethical practice. Instead, individuals must evaluate each piece of propaganda based on its use of truthfulness, fairness, and intended purposes.

**Fallacies**

In order to be responsible communicators, individuals and groups must use careful reasoning when presenting arguments. When reasoning is flawed or contains a logical error it is known as a fallacy.

**Red herring**

Diverting the listeners’ attention to another unrelated or irrelevant topic is called a red herring fallacy.

**Hasty generalization**

When a conclusion is drawn about an entire group based off of a select few individuals it is known as a hasty generalization.

***November 2011 Question Six C***

**QUESTION 4**

* + 1. **(i) Difference between "ethical dilemma" and "ethical lapse".**

**An ethical dilemma** is a situation wherein moral precepts or ethical obligations conflict in such a way that any possible resolution to the dilemma is morally intolerable. It occurs when an issue has two conflicting dimensions. It is also known as ethical paradox.

**Ethical lapse** on the other handis a temporary decline or deviation from an expected or accepted ethical standard.

It is a mistake or error in judgment that produces a harmful outcome. It is a case of unethical behavior.

**(ii) Three examples of ethical dilemma that could be faced by a business organization.**

**Conducting Personal Business on Company Time**

Because employees tend to spend so much of their weekday hours on the job, they often are tempted to conduct personal business on company time. This can include setting up doctor's appointments on company phone lines, making vacation reservations using their employer's computers and Internet connections or even making phone calls for a freelance side business while on company time. At first glance, this ethical dilemma is fairly clear: It is an abuse of your employer to conduct personal business on company time. But there are shades of gray here. What if your spouse calls to tell you that your children are ill? Is it OK for you to schedule a doctor's appointment? A good rule of thumb is for an employee to check with his manager or human resources supervisors to clarify what counts as an actionable offense in the company.

**Taking Credit for Others' Work**

Employees often work in teams to create marketing campaigns, develop new products or fine-tune services, yet rarely does everyone in a group contribute equally to the final product. If three members of a five-person team did all the work, do those three members demand to receive proper credit while pointing out that two members of the team did not pull their weight? This is a thorny question. If employees single out their co-workers in a negative light, it could foment resentment. The same thing could happen, however, if all employees accept equal praise even though only a select few did the real work. The best way to resolve this ethical dilemma is to not let it happen. Team members should insist that all employees perform specific tasks to help complete a project.

**Harassing Behavior**

Employees often don't know what to do if they see one of their co-workers harassing another employee, either mentally, sexually or physically. Employees may worry for their jobs if they attempt to report a superior for harassment. They may fret that they'll be labeled a troublemaker if they report co-workers who display inappropriate behavior toward other employees. The best way to resolve this ethical dilemma rests with the staff members who develop the company's employee handbook. It is their job to include specific language that spells out that employees won't be punished for reporting the harassing behavior or inappropriate actions of their co-workers.

***November 2009 Question Six A***