

# ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT (MGT 404)

Course No. : MGT 404  
Nature of the Course : Elective (Sectoral)  
(Theory 75 + Field Work 25)

Full Marks: 100  
Pass Mark: 35

## Course Objectives

The objectives of this course are:

- ♦ To impart fundamental knowledge regarding the economics of small business and entrepreneurship.
- ♦ To acquaint the students with the different practices and important consideration of small business management.
- ♦ To prepare students for the possibility of starting their own entrepreneurial venture.
- ♦ To provide students academic background necessary for higher education in allied areas.

## Contents

### Meaning of Small Business LH 15

- ♦ Relative importance of small business
- ♦ Features of small business in developed and developing countries
- ♦ Small business in Nepalese economy
- ♦ Strengths and weakness of small business
- ♦ Importance of small business
- ♦ Role of human resources in small business
- ♦ Entrepreneurship Vs salaried employees
- ♦ Comparative advantage and disadvantages of salaried employment
- ♦ Positive and negative aspects of entrepreneurship
- ♦ Entrepreneurship qualifications

### Causes of Failure of Small Business LH 20

- ♦ Sources of idea generation for small business
- ♦ Different ways of business ownership
- ♦ Pros and cons of buying, inheriting and starting a new business
- ♦ Forms of business organizations and their relative importance
- ♦ Introduction and role of small business promotion centre.
- ♦ Role of Ministry of Commerce and Industry in promoting and strengthen small business in Nepal
- ♦ Acts regulating small business in Nepal: History and evolution of franchising opportunities, Relative advantages and disadvantages of franchising
- ♦ Evaluating franchising opportunities
- ♦ Scope and practice of franchising in Nepalese context
- ♦ Failure symptoms
- ♦ Failure trend of small firms in Nepalese economy

### Importance of Location in Business LH 15

- ♦ Factors affecting location sustainability
- ♦ Choice of location
- ♦ Agencies that assist in choosing location
- ♦ Special location problems for small wholesaling, service and

retailing business

- ♦ Physical facilities and their minimum requirements
- ♦ Factors in acquiring appropriate physical facilities
- ♦ Problems of physical facilities
- ♦ Layout of physical facilities
- ♦ Effective use of physical facilities

### Nature and Importance of Management LH 30

- ♦ Management functions and their applicability
- ♦ Sources of management assistance
- ♦ Management of time in small business
- ♦ Economics of small business strategy
- ♦ Objectives of small business
- ♦ Social responsibility of small business
- ♦ Small business and firms
- ♦ Planning in small firms
- ♦ Steps in planning procedure
- ♦ Types of plans
- ♦ Decision making functions and its relevancy
- ♦ Steps in decision making
- ♦ Major quantitative tools to aid decision making
- ♦ Organizational structures and their comparative advantages and disadvantages.
- ♦ Formal and informal organizational structure
- ♦ Factors for effective organization
- ♦ Recruitment and selection
- ♦ Use of personnel manager and important personal functions
- ♦ Human relations approach
- ♦ Factors for good human relations

### Nature of Capital Needs LH 10

- ♦ Estimating capital requirements
- ♦ Sources of funds
- ♦ Nature of credit selling
- ♦ Decision in relation to term of sale: cash or credit
- ♦ Procedure in credit operation

### Factors for product-line Decision LH 15

- ♦ Factors for pricing decision
- ♦ Elements of personal selling
- ♦ Advertising and sales promotion

♦ Marketing research techniques and activities ♦ Motivation research ♦ Use of consultants in marketing research

**Sources of Long-term Funds** LH 10

♦ Concept and application of capital budgeting in small business ♦ Maintenance of accounting records ♦ Preparation of financial statements ♦ Analysis of financial statements to facilitate management control

**Management of small Retail Store** LH 25

♦ Operating method of small retail store ♦ Problems and deficiencies in the operations of small stores in Nepal ♦ Service firm; as a small business ♦ Operation and unique characteristics of service firms ♦ Material and alike problems of service firms in Nepal

♦ Operation of small manufacturing plant as small business ♦ Operating methods ♦ Focus and problems of small manufacturing plants in Nepal

**Basic Books:**

1. Siropolis, Nicholas C., *Small Business Management*, Houghton Mifflin Company, Dallas,
2. Broom, H.N., Longenecker, J.G. and Moore, C.W., *Small Business Management*, South-Western Publishing Co., Dallas

**References**

1. Zivertz, Lausiz, *Private Enterprise and the State in Modern Nepal*, Oxford University Press, New Delhi.
2. Steinhoff, Dan and Burgess, J.F., *Small Business Management Fundamentals*, McGraw Hill, Tokyo.

**Exam Question- 2063**

B.B.S. /III Year/ MGMT

Entrepreneurship and Small Business Mgmt. (MGT 404) (New Course)

Elective (Sectoral Area)

Full Marks: 75

Time: 3 hrs

Candidates are required to give their answers in their own words as far as practicable. The figures in the margin indicate full marks.

**Section 'A' (Short Answer Questions)**

6×10 = 60

Attempt any SIX questions.

1. What is small business? Explain the strengths and weaknesses of small business. 6+4
2. Explain the failure trends of small business firms in Nepalese economy. 10
3. What is franchising? Explain the advantages and disadvantages of franchising. 4+6
4. Why does a business need a well chosen location? What are the agencies that assist in choosing location? 4+6
5. What is planning? Explain the steps involved in planning of small business. 4+6
6. Distinguish between cash sales and credit sales. What are the major sources available to small business for raising funds? 4+6
7. What is personal selling? Explain the elements of personnel selling. 4+6
8. What is capital budgeting? Why is capital budgeting necessary to small business? 4+6

**Section 'B' (Comprehensive Answer Questions)**

1×15 = 15

Attempt any ONE question.

9. Differentiate between formal and informal organization structure. Discuss the important personnel functions. 5+10
10. What are the characteristics of service firms? Discuss the different problems faced by service firms in Nepal. 5+10

**1. MEANING OF SMALL BUSINESS**

**SHORT ANSWER QUESTIONS**

**1. 2069 Q.No. 1**

Explain the strength and weaknesses of small business in the context of Nepalese economy.

[5+5]

**2. 2068 Q.No. 1**

What is entrepreneurship? Explain the positive and negative aspects of entrepreneurship. [4+6]

**3. 2067 Q.No. 1**

Explain the strengths and weaknesses of small business.

[5+5]

4. 2066 Q.No. 1  
What is small business? Explain the importance of small business in Nepalese context. 4+6
5. 2065 Q.No. 1  
What is small business? Explain the strength and weakness of small business. 4+6
6. 2065 Q.No. 8  
Explain the role of human resource in small business. 10
7. 2064 Q.No. 1  
What is entrepreneurship? Explain the positive and negative aspects of entrepreneurship. 4+6
8. 2063 Q.No. 1  
What is small business? Explain the strengths and weaknesses of small business. 6+4
9. 2062 Q.No. 1  
Define an entrepreneur. How would you distinguish entrepreneurship from entrepreneurism? 4+6
10. 2061 Q.No. 1  
What is small business? How does small business contribute to the Nepalese economy? 4+6
11. 2060 Q.No. 1  
Define the term entrepreneur. What are the negative and positive aspects of entrepreneurship? 4+6
12. 2059 Q.No. 1  
What are the characteristics of entrepreneurs? What do individual go for entrepreneurship? 10
13. 2059 Q.No. 2  
Why should an entrepreneur prefer to launch a new venture rather than buy an existing firm? 10
14. 2056 Q.No. 1  
Explain the features and importance of a small business in the context of Nepalese economy. 5+5

## 2. CAUSES OF FAILURE OF SMALL BUSINESS

### SHORT ANSWER QUESTIONS

1. 2069 Q.No. 2  
What is franchising? What are the scope of franchising in Nepal? [4 + 6]
2. 2069 Q.No. 8  
Explain the failure trend of small business firms in Nepalese economy. [10]
3. 2068 Q.No. 2  
Explain the failing trends of small business firms in Nepalese economy. [10]
4. 2067 Q.No. 2  
What is franchising? Describe the opportunities of franchising in Nepal. [4+6]
5. 2066 Q.No. 2  
Why should an entrepreneur prefers to start a new business rather than buying an existing firm? 10
6. 2066 Q.No. 3  
Explain the advantages and limitations of franchising. 5+5
7. 2065 Q.No. 2  
Explain the role played by Ministry of Industry, Commerce and Suppliers in promoting and strengthening small business in Nepal. 10
8. 2064 Q.No. 2  
Define franchising. Explain the scope of franchising in Nepalese context. 4+6
9. 2064 Q.No. 3  
Explain the failure symptoms of small business. 10
10. 2063 Q.No. 2  
Explain the failure trends of small business firms in Nepalese economy. 10
11. 2063 Q.No. 3  
What is franchising? Explain the advantages and disadvantages of franchising. 4+6
12. 2062 Q.No. 2  
What is small business? Explain the sources of idea generation for small business. 3+7

**13. 2062 Q.No. 8**

Discuss the role of Ministry of Industry, Commerce and Supplies in promoting and strengthening small business in Nepal. 10

**14. 2061 Q.No. 2**

What is franchising? Explain the scope of franchising in Nepalese context. 4+6

**15. 2060 Q.No. 2**

Explain the scope and practices of franchising in Nepalese context. 5+5

**16. 2056 Q.No. 2**

What is franchising? What are its advantages and limitations? 4+6

**COMPREHENSIVE ANSWER QUESTIONS****15. 2067 Q.No. 9**

Discuss the role of Ministry of Industry in promoting and strengthening small business in Nepal. [7.5+7.5]

**16. 2061 Q.No. 10**

Discuss the role of Ministry of Industry, Commerce and Supplies in promoting and strengthening small business in Nepal. 15

**17. 2059 Q.No. 10**

The creation of small business may follow buying inhering or starting a new business process. Which of the above process do you prefer and why? 15

**3. IMPORTANCE OF LOCATION IN BUSINESS****SHORT ANSWER QUESTIONS****1. 2069 Q.No. 3**

Why should entrepreneurs emphasize on business location? What are the special location problems for retailing business? [5+5]

**2. 2068 Q.No. 3**

What factors are to be considered in acquiring appropriate physical facilities? Explain. [10]

**3. 2067 Q.No. 3**

What factors are to be considered while choosing a location for a small business? Explain. [4+6]

**4. 2066 Q.No. 4**

How would you acquire appropriate physical facilities for small business? 10

**5. 2065 Q.No. 3**

Why location is considered vital for small business? State the agencies that assist in choosing right location. 5+5

**6. 2064 Q.No. 4**

What factors are involved in acquiring appropriate physical facilities? How the available physical facilities in small business can be effectively used? 5+5

**7. 2063 Q.No. 4**

Why does a business need a well chosen location? What are the agencies that assist in choosing location? 4+6

**8. 2062 Q.No. 3**

How would you acquire appropriate physical facilities for your business? 10

**9. 2061 Q.No. 3**

Why does a small business need a well-defined location? Explain the special location problems for relating business. 4+6

**10. 2060 Q.No. 3**

What factors would you take into consideration while selecting location for your small business? 10

**11. 2059 Q.No. 3**

What factors are involved in acquiring appropriate physical facilities? How the available physical facilities in business can be effectively used? 4+6

**12. 2056 Q.No. 3**

Why does a business need a well-chosen location? What things are considered while selecting a location for a small business? 4+6

#### 4. NATURE AND IMPORTANCE OF MANAGEMENT

##### SHORT ANSWER QUESTIONS

1. 2069 Q.No. 4  
What is decision making? Explain the steps involved in decision making. [4+6]
2. 2068 Q.No. 4  
Explain the social responsibilities of small business firms. [10]
3. 2067 Q.No. 4  
What is decision making? Explain the steps in decision making. [4+6]
4. 2066 Q.No. 5  
Explain the nature of management functions in small scale enterprises. 2+8
5. 2065 Q.No. 7  
Explain the social responsibilities of small business. 10
6. 2064 Q.No. 5  
Explain the social responsibilities of small business. 10
7. 2063 Q.No. 5  
What is planning? Explain the steps involved in planning of small business. 4+6
8. 2061 Q.No. 4  
What is selection? Explain the selection procedures adopted in small business. 4+6
9. 2061 Q.No. 4  
Explain the social responsibilities of small business in the existing environment. 10
10. 2060 Q.No. 4  
What is planning? Explain the steps involved in planning procedure of small business. 3+7
11. 2060 Q.No. 7  
Distinguish between formal and informal organization structure. 10
12. 2059 Q.No. 4  
Explain briefly the nature of management functions in small business. 10
13. 2059 Q.No. 8  
Differentiate between recruitment and selection. State the methods of employee selection for small business. 4+6
14. 2059 Q.No. 9  
Meaningful planning requires a commitment by the entrepreneur to devote time and energy to the planning process. Failure to plan result in inefficient and undirected action. In the light of these statements, discuss the steps of planning for small firms. 10
15. 2056 Q.No. 4  
Explain the social responsibilities of a small business. 10
16. 2056 Q.No. 8  
What is requirement? Make a major distinction between recruitment and selection. 10

##### COMPREHENSIVE ANSWER QUESTIONS

17. 2069 Q.No. 9  
Explain the management functions. How are these functions applicable in small business? [7.5+7.5]
18. 2068 Q.No. 9  
What are management functions? Discuss the sources of management assistance available to small business. [5+10]
19. 2067 Q.No. 10  
What is recruitment? Discuss the employee selection process of small business. [5+10]
20. 2066 Q.No. 9  
What is organizational structure? Discuss the advantages and disadvantages of formal and informal organisation structures. 7.5 + 7.5
21. 2065 Q.No. 9  
What are the functions of management? To what extent such functions are applicable in small business. 7.5+7.5

**22. 2064 Q.No. 9**

Differentiate between recruitment and selection. Discuss the employees selection process applicable to small business. 5+10

**23. 2063 Q.No. 9**

Differentiate between formal and informal organization structure. Discuss the important personnel functions. 5+10

**24. 2062 Q.No. 10**

Make a distinction recruitment and selection. How can a personal manager maintain good human relations in small business firms? Discuss. 5+10

**25. 2061 Q.No. 9**

"To make good decisions, managers should invariably follow a sequential set of steps." In the light of this statement, discuss the steps of decision making in small business firms. 15

**26. 2060 Q.No. 9**

Identify and describe the management functions. How are these functions applicable in small business? 7.5+7.5

**27. 2056 Q.No. 10**

A singular function of a manager is decision making. What steps are followed by the manager to bring about effectiveness in decision making in a small business? 15

## 5. NATURE OF CAPITAL NEEDS

### SHORT ANSWER QUESTIONS

**1. 2069 Q.No. 5**

How do entrepreneurs estimate their capital requirements in small business? Explain the different sources of funds. [5+5]

**2. 2068 Q.No. 5**

What is credit selling? Explain the procedure in credit operation. [4+6]

**3. 2067 Q.No. 5**

Explain the procedures of estimating capital requirements in small business. [10]

**4. 2066 Q.No. 6**

State and explain the different sources of funds available for the small scale enterprises. 2+8

**5. 2065 Q.No. 4**

What is capital? Explain the techniques of estimating capital requirements. 4+6

**6. 2064 Q.No. 6**

Mention the procedures of credit operation in small business. Explain the techniques used for estimating capital requirements of small business. 4+6

**7. 2063 Q.No. 6**

Distinguish between cash sales and credit sales. What are the major sources available to small business for raising funds? 4+6

**8. 2062 Q.No. 5**

State the nature of credit selling in small business. Explain the different methods of estimating capital requirements. 4+6

**9. 2061 Q.No. 5**

Explain the procedures of estimating capital requirements in a small business. 10

**10. 2060 Q.No. 5**

State the procedure of credit operation in small business. Explain the main sources of funds available for the small business. 4+6

**11. 2059 Q.No. 5**

State the techniques used for estimating capital requirements of small business. Explain the different sources of funds available for the small business. 4+6

## 6. FACTORS FOR PRODUCT LINE DECISION

### SHORT ANSWER QUESTIONS

1. 2069 Q.No. 6  
What is personal selling? Explain the elements involved in personal selling. [4+6]
2. 2068 Q.No. 6  
What is personal selling? Explain the elements of personal selling. [4+6]
3. 2067 Q.No. 6  
What is marketing research? Explain the techniques of marketing research. [4+6]
4. 2066 Q.No. 7  
What is marketing research? Explain the different techniques of marketing research. 4+6
5. 2065 Q.No. 5  
What is advertising? Explain the elements involved in personal selling. 4+6
6. 2064 Q.No. 7  
What is marketing research? Explain the techniques of marketing research. 4+6
7. 2063 Q.No. 7  
What is personal selling? Explain the elements of personnel selling. 4+6
8. 2062 Q.No. 6  
Define advertising. Explain the methods of sales promotion that the small business adopts. 3+7
9. 2061 Q.No. 6  
What is marketing research? Explain the techniques of market research. 4+6
10. 2060 Q.No. 6  
What is personal selling? Explain the elements involved in personal selling. 4+6
11. 2059 Q.No. 6  
Examine cost considerations and demand considerations of product pricing for the small business. 5+5
12. 2056 Q.No. 6  
What is marketing research? State the techniques of marketing research. 10

## 7. SOURCES OF LONG-TERM FUNDS

### SHORT ANSWER QUESTIONS

1. 2069 Q.No. 7  
Explain the methods of preparing financial statements. [10]
2. 2068 Q.No. 7  
How do you prepare financial statements of small business firms? Explain. [10]
3. 2067 Q.No. 7  
What is capital budgeting? Is it possible to apply capital budgeting in small business? [4+6]
4. 2066 Q.No. 8  
Explain the concept and application of capital budgeting in small business. 4+6
5. 2065 Q.No. 6  
What is financial statement? Explain how financial statements facilitate management control. 4+6
6. 2064 Q.No. 8  
What are financial statements? Why does a small business prefer to keep accounting records? 4+6
7. 2063 Q.No. 8  
What is capital budgeting? Why is capital budgeting necessary to small business? 4+6
8. 2062 Q.No. 7  
What is capital budgeting? Explain the purpose of maintaining accounting records in small business. 3+7
9. 2061 Q.No. 7  
What is capital budgeting? Is capital budgeting applicable in small business? Explain. 4+6

**10. 2060 Q.No. 8**

State the methods of preparing financial statement. How does financial statement facilitate management control?

5+5

**11. 2056 Q. No. 8**

Give the concept of capital budgeting and explain the method so capital budgeting used in a small business.

4+6

**COMPREHENSIVE ANSWER QUESTIONS****12. 2056 Q.No. 9**

A strong accounting system always provides valuable information for the successful performance of major functions of a small business. In line with this statement, discuss the typical financial statements and the purpose for which such statements are prepared by small firms. 15

**8. MANAGEMENT OF SMALL RETAIL STORE****SHORT ANSWER QUESTIONS****1. 2068 Q.No. 8**

What is small retail store? What are the problems in the operations of small stores in Nepal?

[4+6]

**2. 2067 Q.No. 8**

Explain the operating methods of small retail stores.

[4+6]

**3. 2061 Q.No. 8**

Describe the problems in the operations of small stores and small manufacturing plants in Nepal.

5+5

**4. 2059 Q.No. 7**

What is the operating method of small retail store? What are the deficiencies in the operation of small stores in Nepal?

4+6

**5. 2056 Q.No. 7**

What are the problems and deficiencies in the operations of small stores and small manufacturing plants in Nepal?

5+5

**COMPREHENSIVE ANSWER QUESTIONS****6. 2069 Q.No. 10**

What is service firm? How are such service firms operated? Explain the problems of service firms in Nepal.

[5+5+5]

**7. 2068 Q.No. 10**

What are the unique characteristics of service firms? Discuss the material problems of service firms in Nepal.

[7.5+7.5]

**8. 2066 Q.No. 10**

What are service firms? What are the unique characteristics of service firms? Explain the problems faced by service firms in Nepal.

5+5+5

**9. 2065 Q.No. 10**

Enumerate the operating methods of small retail store. Explain the problems and deficiencies in the operations of small stores in Nepal.

5+10

**10. 2064 Q.No. 10**

What are the operating methods of small retail stores? Discuss the problems of small retail stores operating in Nepal.

5+10

**1. 2063 Q.No. 10**

What are the characteristics of service firms? Discuss the different problems faced by service firms in Nepal.

5+10

**2. 2062 Q.No. 9**

What is retail store? Explain the operating methods and the problems of small retail stores in Nepal.

5+10

**3. 2060 Q.No. 10**

What is service firm? How are service firms operated in Nepal? Explain the unique problems of service firms in Nepal.

5+5+5