

## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **BCS4401 ENTREPRENEURSHIP DEVELOPMENT**  
Semester & Year : SEPTEMBER - DECEMBER 2017  
Lecturer/Examiner : KATRINA CHUA  
Duration : THREE (3) Hours

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#### INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:  
PART A (30 marks) : Answer all THIRTY (30) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.  
PART B (70 marks) : Answer all FOUR (4) questions based on the case study. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**PART A** : MULTIPLE CHOICE QUESTIONS (30 MARKS)

**INSTRUCTION(S)** : Questions 1-30 are multiple choice questions. Shade your answers in the Multiple Choice Answer Sheet provided. You are advised to use a 2B pencil.

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1. Which of the following statement **BEST** define an entrepreneur? An entrepreneur
  - a. is willing to attempt to implement a business concept and then give up if it does not meet immediate expectations
  - b. knows that the concept they are about to develop will result in a profitable business
  - c. creates a new business concept for the purpose of achieving profit and growth by assembling the necessary resources to capitalize on identified opportunities
  - d. understands the process of developing an idea and does not need to understand what it means to bring that idea to a viable business concept
2. The profile of an entrepreneur includes which of the following?
  - a. A desire for responsibility and moderate risk
  - b. Confidence in the ability to succeed and determination
  - c. A high level of energy, a desire for immediate feedback and a future orientation
  - d. All of the above
3. What is the ability to develop new ideas and to discover new ways of looking at problems and opportunities called?
  - a. Entrepreneurship
  - b. Innovation
  - c. Creativity
  - d. Creative thinking
4. Which of the following technological forces is driving the entrepreneurial trend?
  - a. Cloud computing
  - b. Mobile marketing
  - c. The Internet
  - d. All of the above
5. The ability to apply creative solutions to problems and opportunities to enhance or to enrich people's lives is known as \_\_\_\_\_.
  - a. entrepreneurship
  - b. innovation
  - c. creativity
  - d. critical Thinking
6. Which of the following is **NOT** one of the forces driving the entrepreneurial trend in our country?
  - a. Independent lifestyle
  - b. International opportunities
  - c. Moving away from a service economy
  - d. E-commerce and the World Wide Web

7. What kind of entrepreneurs are business builders who seek innovative solutions to some of society's problems?
- Opportunistic Entrepreneurs
  - Serial Entrepreneurs
  - Necessity Entrepreneurs
  - Social Entrepreneurs
8. Research shows that anyone can be creative. However, what could be the potential 'road-block' to creativity?
- People always try tapping into their pools of innate creativity
  - Many organisations encourage their staff to 'think-out-of-the-box'
  - Many organisations fail to foster an environment that encourages creativity
  - Most people were taught to be creative
9. Identify the **BEST** analysis process that determines whether an entrepreneur's idea is a viable foundation for creating a successful business or otherwise.
- Business Plan Analysis
  - Strategic Analysis
  - Industry Analysis
  - Feasibility Analysis
10. What is an entrepreneurial "secret" for creating value in the marketplace?
- Creating new products and services
  - Learning by doing
  - Applying lessons learned from history
  - Applying creativity and innovation to solve problems
11. Entrepreneurship is a constant process that relies on \_\_\_\_\_ .
- creativity, innovation and application in the marketplace
  - creativity, innovation and profit
  - the ability to win over the consumer
  - intellectual property rights
12. Which hemisphere of the brain is responsible for language, logic and symbols?
- Left hemisphere
  - Right hemisphere
  - Lateral hemisphere
  - Intuitive hemisphere
13. What is the **MOST** common form of business ownership that is also simplest to create?
- Corporation
  - Sole Proprietorship
  - Partnership
  - None of the above

14. Which of the following statement **BEST** describe Social entrepreneurs?
- a. They use their skills create profitable businesses and also achieve economic, social and environmental goals for common good
  - b. They use their skills to create businesses to personal goals
  - c. They use their knowledge and experience to create businesses and to achieve economic, personal and environmental gains
  - d. They use their skills to manipulate businesses to achieve economic and social goals
15. The Switching costs, the number of buyers, and if the items represent a relatively small portion of the cost of finished products are key considerations of which of the five forces identified by Michael Porter?
- a. Threat of new entrants to the industry
  - b. Rivalry among companies competing in the industry
  - c. Bargaining power of the suppliers
  - d. Bargaining power of the buyers
16. What is the **MOST** critical disadvantage of the sole proprietorship?
- a. The owner's unlimited personal liability
  - b. Limited access to capital
  - c. Lack of continuity
  - d. Limited skills and abilities of the owner
17. Identify the main key factor to consider when choosing the right form of ownership.
- a. Envisioning where your business will be in 10 years
  - b. Forming a limited liability company since it is the only form that offers owners liability protection
  - c. Understanding the characteristics of each form and knowing how they affect your business and personal circumstances
  - d. Irrelevant since choosing a form of ownership is merely a technicality and has very little impact on business ownership
18. A franchise is a system of distribution in which semi-independent business owners pay \_\_\_\_\_ and \_\_\_\_\_ to a parent company in return for the right to become identified with its trademark, to sell its product or services, and often to use its business format and system.
- a. a percentage of sales; royalties
  - b. upfront costs; incremental costs
  - c. royalties; monthly consulting charges
  - d. fees; royalties
19. What type of franchising involves providing the franchisee with an established name, the building layout and design, accounting system, policy and procedure and other elements?
- a. Trade name
  - b. Product Distribution
  - c. Pure
  - d. License

20. Which of the following is a benefit of franchising?
- a. Brand name appeal
  - b. Big advertising budget
  - c. Royalty fees payment
  - d. Weak awareness and brand name
21. In small business, what should be the main focus of the marketing plan?
- a. The preparation of financial forecasts
  - b. The competitors
  - c. The customers
  - d. Description of its products and services
22. What unconventional and low-cost creative techniques adopted by small businesses to compete with larger rivals with bigger budgets?
- a. Bootstrap marketing strategies
  - b. Psychographic strategies
  - c. Market research
  - d. Detailed customer service strategies
23. Which of the following statements about price is **TRUE**?
- a. Price measures what the customer must exchange to obtain goods and services in the marketplace
  - b. Target market, business image, and price are closely related
  - c. For most goods and services, there is an acceptable price range and not a single "ideal price"
  - d. All of the above
24. The most common mistake entrepreneurs make is lowering prices. What do they fail to recognize when such a mistake is made?
- a. Advantages they have due to their lower cost structure
  - b. Driving need that all customers have to find the lowest price possible
  - c. Extra value, convenience, service and quality they offer their customers
  - d. Complexities that larger competitors have to face
25. The top business challenge that drives pricing decisions would be \_\_\_\_ .
- a. increased price transparency
  - b. need to protect the brand's image
  - c. increased price sensitivity of customers
  - d. increased pricing aggressiveness from competitors
26. In order to reach profit objectives, entrepreneurs must be aware of their firms' \_\_\_\_ .
- a. current ratio and liabilities
  - b. fixed assets and owner's equity
  - c. assets and liabilities and changes in the financial positioning
  - d. overall financial position and any changes in the financial status

27. Which of the following statements concerning the impact of competition on a small company's prices is **TRUE**?
- a. When setting prices, a business owner must either match or beat competitors' prices on similar products or services
  - b. Federal laws prohibit the practice as an unfair trade practice, business owners should not monitor their rivals' prices on identical items
  - c. When going up against larger, more powerful rivals, small firms should consider using non-price competition as a way to differentiate their products or services rather than head-to-head price competition
  - d. When going up against larger, more powerful rivals, small firms should consider using price competition as a way to differentiate their products or services and should compete head-to-head with the competition
28. Fill in the appropriate blanks:-
- The \_\_\_\_\_ represents a "snapshot" of a business, showing an estimate of its value on a given date, while the \_\_\_\_\_ is a "moving picture" of the firm's profitability over a period of time.
- a. balance sheet; income statement
  - b. income statement; balance sheet
  - c. cash flow statement; income statement
  - d. balance sheet; cash flow statement
29. Which of the following statement concerning cash management is **INCORRECT**?
- a. Cash is the most important, yet least productive, asset in a small business model
  - b. New start-up companies tend to use up a lot of capital
  - c. Fast growing businesses are the least likely to experience shortages
  - d. Management of cash flows involves forecasting, collecting, disbursing, investing and planning for the company's cash needs
30. How is expanding into international markets beneficial for entrepreneurs?
- a. It guarantees its success in the marketplace
  - b. It makes it easier to find a joint venture partner
  - c. It helps the business to grow faster and survive competition better
  - d. It leads to business failure for smaller companies

**END OF PART A**

**PART B**

: SHORT ANSWER QUESTIONS (70 MARKS)

**INSTRUCTION(S)**: There are **FOUR (4)** questions in this section, answer all questions. Write your answers in the Answer Booklet(s) provided. Use a new page for every question.**QUESTION 1**

- a. Briefly explain the advantages and the disadvantages of a small business accepting credit cards for customer purchases. (5 marks)
  - b. Sarah's aunt and cousin have offered to provide some financial assistance for her new business. Should an entrepreneur turn to friends and family members for money to launch a company? Why or why not? (5 marks)
  - c. Angels fill an important role in equity financing of a small business. Discuss their role, their typical profile, and how to find an angel. (5 marks)
- (Total 15 marks)

**QUESTION 2**

Co-owners (co-preneurs) Ed and Yolanda recently opened a vintage used car lot called Cherry Lane. They sell antique and collectible cars on consignment for the owners at a fee of 30 percent of the selling price. The price is further reduced by 10 percent if a particular car is not sold within the first 30 days. One of the first customers convinced Yolanda that this was the only fair thing to do, and in an effort to provide something for "the cost conscious buyer," she provided what she thought was excellent customer service and implemented the idea.

Ed and Yolanda feel Cherry Lane has an ideal location. It is located adjacent to the city's baseball stadium, alongside the freeway in the center of all the other car dealerships. Although Cherry Lane has significant foot traffic, most people never make offers to buy.

In an effort to increase sales, Ed and Yolanda are working on a new marketing strategy that they believe should be quite different from the "shotgun" approach they had been using over the last few months; an approach that cover a big area/multiple target segment.

Question:

Explain competitive advantage. Does Cherry Lane have a competitive advantage? If so, please identify their competitive advantage. (15 marks)

**QUESTION 3**

- a. Explain what is bootstrap marketing. (5 marks)
  - b. What objectives should a bootstrap marketing plan accomplish? (5 marks)
  - c. List at least five bootstrap marketing tactics your small business might be able to use successfully. (10 marks)
- (Total 20 marks)

**QUESTION 4 (Two parts (a) and (b))**

- a. Berhannan's Cellular sells phones for RM100. The unit variable cost per phone is RM50 plus a selling commission of 10%. Fixed manufacturing costs total RM1,250 per month, while fixed selling and administrative costs total RM2,500.

**Required**

- i. Calculate the contribution margin per phone. (2 marks)
- ii. Calculate the breakeven point in phones. (2 marks)
- iii. Calculate how many phones must be sold to earn a targeted profit of RM7,500. (2 marks)

- b. The following information was extracted from the books of Chino Ltd:

**Profit & Loss Statement for the Year Ended 31 December 2008**

	RM
Sales	8,320,000
Cost of sales	4,716,520
Gross profit	3,603,480
Expenses (including interest)	2,806,140
<b>Net profit</b>	<b>797,340</b>

*Note: Purchases amounted to RM4,786,520*

**Balance Sheet As at 31 December 2008 (Extract)**

	RM
<b>Current assets</b>	
Stock	620,000
Trade debtors	1,203,000
Bank	-
	<b>1,823,000</b>
<b>Current liabilities</b>	
Bank	15,000
Trade creditors	510,000
	<b>525,000</b>

**Required**

Calculate to **two decimal places**, if applicable:

- i. Gross profit margin
- ii. Net profit margin
- iii. Acid test ratio (acid test ratio)
- iv. Rate of stock turnover (number of times)
- v. Number of time that goods are carried in stock (months)
- vi. Debtors' collection period in days
- vii. Creditors' settlement period in days

(14 marks)  
(Total 20 marks)

**END OF QUESTION PAPER**