Entrepreneurship Education (Specimen Paper) 2016
1 hour 30 mins

READ THE FOLLOWING INSTRUCTIONS CAREFULLY FIRST

Write your name, the name of your school and your class/section in the spaces provided above.

Write in dark blue or black ink.

Do not use correction fluid.

There are 5 questions in this paper.

Check that this document consists of 11 printed pages.

Any discrepancy in the document must be immediately notified to the responsible officer in your school.

Answer all questions on the question paper itself.

The number of marks is given in brackets [ ] for each question or part question.

The total of the marks for this paper is 100.
Read the following case carefully. Then answer the questions which follow.

FitsU Shoes

Kimyu owns a well-established shoe making business, FitsU, which has a good brand name. He has been operating the business successfully as a sole trader. The innovative designs and quality products that it manufactures are key to the success of FitsU. Due to the rising demand, Kimyu wants to expand and open new branches. He wants to convert his business into a partnership. He is thinking of taking his best friend Rahul, who is an accountant, as a partner. To make the shoes more marketable, FitsU will need to review the four elements of marketing.

However, to expand the enterprise, the partners will require more money. A bank is ready to provide finance, but has requested Kimyu and Rahul to prepare a business plan. As a sole trader, Kimyu kept limited records of business transactions. Rahul has always told Kimyu that a business should have proper financial record keeping and proper inventory (stock) control. Otherwise, this may lead to poor management of the business. Both Kimyu and Rahul are aware of the risks that are present in an enterprise.

Rahul is energetic and enthusiastic about the new experience as an entrepreneur. He thinks that investing in new IT equipment can improve communication with all stakeholders in the business, reduce waste and improve the productivity at FitsU.

The three key elements of the FitsU strategy are affordability, attractiveness and comfort – in other words, comfortable shoes at good prices. Kimyu has always been the only one to take all business decisions and having Rahul as a partner for the running of the business will not be the same.
Question 1

(a) Give two reasons why Kimyu is a successful entrepreneur in shoe making. [2 marks]
   (i) ………………………………………………………………………………………………………..
   (ii) ………………………………………………………………………………………………………..

(b) Identify two problems which a sole trader has to face. [2 marks]
   (i) ………………………………………………………………………………………………………..
   (ii) ………………………………………………………………………………………………………..

(c) What is a partnership deed? In your answer, mention at least one essential detail that it should contain. [3 marks]
   ………………………………………………………………………………………………………..
   ………………………………………………………………………………………………………..
   ………………………………………………………………………………………………………..

(d) Give three differences between a sole trading enterprise and a partnership business. [6 marks]
   (i) ………………………………………………………………………………………………………..
   (ii) ………………………………………………………………………………………………………..
   (iii) ………………………………………………………………………………………………………..

(e) What is the difference between a franchisor and a franchisee? [4 marks]
   Franchisor ……………………………………………………………………………………………
   Franchisee ……………………………………………………………………………………………
Question 2

(a) Match the terms in Column 1 with their correct definitions in Column 2. Write your answers in the table which follows. [8 marks]

The first one has been done for you.

<table>
<thead>
<tr>
<th>Column 1: Terms</th>
<th>Column 2: Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inputs</td>
<td>A The process of marketing a product using the internet.</td>
</tr>
<tr>
<td>2. Worker cooperative</td>
<td>B Consists of a group of experts who manage the enterprise.</td>
</tr>
<tr>
<td>3. Staffing</td>
<td>C The authority of a country having the power to decide on behalf of people in society.</td>
</tr>
<tr>
<td>4. Community</td>
<td>D The act of making customers aware of a product and providing information about that product.</td>
</tr>
<tr>
<td>5. Board of Directors</td>
<td>E A disagreement with another person or party.</td>
</tr>
<tr>
<td>6. Government</td>
<td>F Where workers themselves are owners and each have a voting right to participate in decisions to run the enterprise.</td>
</tr>
<tr>
<td>7. Conflict</td>
<td>G Materials needed to produce goods and services.</td>
</tr>
<tr>
<td>9. Electronic Marketing</td>
<td>I All the people who are directly and indirectly affected by the actions of the business.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Term</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definition</td>
<td>G</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(b) Identify two qualities of Kimyu as a leader entrepreneur. [2 marks]

(i) ………………………………………………………………………………………………
………………………………………………………………………………………………

(ii) ………………………………………………………………………………………………
………………………………………………………………………………………………

(c) Identify and explain two types of risks that Kimyu and Rahul may face in their business. [6 marks]

Risk 1: ……………………………………………………………………………………………
Explanation: ……………………………………………………………………………………
………………………………………………………………………………………………

Risk 2: ……………………………………………………………………………………………
Explanation: ……………………………………………………………………………………
………………………………………………………………………………………………

(d) Identify and explain two key responsibilities of Kimyu as an entrepreneur. [6 marks]

Responsibility 1: …………………………………………………………………………………
Explanation: ……………………………………………………………………………………
………………………………………………………………………………………………

Responsibility 2: …………………………………………………………………………………
Explanation: ……………………………………………………………………………………
………………………………………………………………………………………………
Question 3

(a) Tick (✓) the appropriate box to show which method of marketing is email marketing, web marketing or social marketing. [3 marks]

<table>
<thead>
<tr>
<th></th>
<th>Email marketing</th>
<th>Web marketing</th>
<th>Social marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>FitsU uses Amazon and Ebay websites to offer its shoes to its customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FitsU sends mail to its regular customer to inform them of different promotion offers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FitsU uses social networking sites to advertise and market its shoes.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(b) Write True or False at the end of each statement. [6 marks]

(i) Communication is the exchange and flow of information, ideas, thoughts and feelings from one person to another. .................................

(ii) Effective communication is a key to success in an enterprise. ............................................

(iii) A handshake between two partners is an example of verbal communication. ....................................

(iv) The receiver selects the channel of communication. .................................

(v) Entrepreneurs need to be clear and precise with different stakeholders. .................................

(vi) In an enterprise, only written communication is used. .................................
(c) **Classify the following items in terms of Internal Communication or External Communication.** Tick (✓) the appropriate box.

One example has been done for you.  

<table>
<thead>
<tr>
<th>Item</th>
<th>Internal Communication</th>
<th>External Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating information about training sessions in an enterprise.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Using TV and radio to create awareness of new products.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sending emails to potential customers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>An employer clarifies the different objectives set for a project to the employees.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meetings with employees on a business issue.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertisements on a billboard.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(d) An entrepreneur may use different methods to set prices. Draw a line to match each method to its correct definition.  

<table>
<thead>
<tr>
<th>Methods</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost plus Pricing</td>
<td>High prices for unique brands</td>
</tr>
<tr>
<td>Promotional Pricing</td>
<td>Adding up cost per unit to % of profits</td>
</tr>
<tr>
<td>Premium Pricing</td>
<td>Low prices to attract customers</td>
</tr>
<tr>
<td></td>
<td>Low prices to enter the market</td>
</tr>
</tbody>
</table>

(e) (i) Give **one** example of a conflict in an enterprise.  

……………………………………………………………………………………………….
……………………………………………………………………………………………….

(ii) Give **two** ways in which this conflict can be resolved.  

(1) …………………………………………………………………………………………..
…………………………………………………………………………………………..
(2) …………………………………………………………………………………………..
…………………………………………………………………………………………..
Question 4

(a) What do you understand by the term quality? [2 marks]

(b) Explain how better quality shoes might increase the sales of the enterprise. [2 marks]

(c) List three ways of measuring productivity. [3 marks]

1. .................................................................................................................................

2. .................................................................................................................................

3. .................................................................................................................................

(d) List three types of muda (waste) that may occur during the production of shoes. [3 marks]

(i) .................................................................................................................................

(ii) .................................................................................................................................

(iii) .................................................................................................................................
(e) Give two ways in which an Employee Suggestion System (ESS) can be used to increase productivity in an enterprise. [4 marks]

(i) ..............................................................................................................
..............................................................................................................

(ii) ..............................................................................................................
..............................................................................................................

(f) Identify any other two techniques that can be used to improve productivity and quality. [2 marks]

(i) ..............................................................................................................

(ii) ..............................................................................................................

(g) Using the following information, calculate the labour productivity. [4 marks]

Show your working.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of pairs of shoes produced (output)</th>
<th>Labour hours (input)</th>
<th>Labour productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>450</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>500</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Question 5

(a) Kimyu and Rahul plan to carry out a market research before launching a new design of shoes. What is market research?  

(b) Name the four elements of marketing.  

(i) .................................................................  

(ii) ..................................................................  

(iii) ..................................................................  

(iv) ..................................................................  

(c) Identify and explain two methods of promotion that FitsU could use for marketing its shoes.  

(i) ..................................................................  

(ii) ..................................................................  

(d) Identify two components of a business plan.  

(i) ..................................................................  

(ii) ..................................................................
(e) Identify and explain any **two** reasons for preparing a business plan. [6 marks]

Reason 1: ............................................................................................................................

Explanation: ..........................................................................................................................

...........................................................................................................................................

...........................................................................................................................................

...........................................................................................................................................

Reason 2: ............................................................................................................................

Explanation: ..........................................................................................................................

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