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SUGGESTED SOLUTION TO PAST

N200

**EXAMINATION QUESTIONS
ON**

EST 301A/EST 201

ENTREPRENEURSHIP STUDIES I

COMPILED FOR 300 LEVEL

STUDENTS

A QUICK REVISION FORMULA

FOR MORE INFORMATION ON THIS COURSE CALL

0802 - 7054849

FIRST SEMESTER EXAMINATION **2017/2018** SESSION
COURSE: **GST 301A** ENTREPRENEURSHIP STUDIES
INSTRUCTION, : Answer any 'three questions.

Time Allowed: 1hrs : 20MIN.

SECTION I:

SOLUTIONS IN BOLD ITALICS LETTERS

1. The one who creates a new enterprise in a risky and uncertain environment is referred to as a (an).....a. risk taker **b. entrepreneur** c. adventurist d. leader
2. Which one of the following is not considered as entrepreneurship?
a. The creation of a new business.
b. The routine management of an ongoing operation.
c. Innovation applied to a business context.
d. The combination of resources.
3. Which of these forms of creative ideas is most complex, difficult, and rewarding ..
(a) Innovation (h) Synthesis (C) Extension (d) Duplicating
4. When an entrepreneur directs and controls all organizational activities to ensure that things are done properly on schedule, he is performing the..... role. **(a) leader**
(b) resource allocator (c) directing and controlling (d) visionary
5. An Entrepreneur who starts a business with a fresh idea is simply performing arole. (a) leadership **(b) resource allocator.**
(c) directing and controlling (d) visionary
6. The concept 'environment' can also be referred to as.....
(a) surroundings (b) external objects (c) inferences (d) circumstances
7. A..... is an inherent constraint that creates strategic disadvantage for an organization. (a) threat **(b) weakness** (c) strategy (d) risk
8. A business environment is made up of a number of factors that interact and interrelate with one another.
(a) complex and dynamic (b) Simple (c) Stable (d) potent
9. Creative process according to Holt (1992) can be classified into:
(a) 4 stages **(b) 5 stages** (c) 6 stages (d) 7 stages
10. When innovation consists of market research, product design, and innovations in advertising and promotion, it can be said to be:
(a) Technological Innovation **(b) Product-market Innovation**
(c) Consumer related Innovation (d) Administrative Innovation
11. According to Adams (2005) the following are critical to individual creativity except:
(a) Knowledge (b) Thinking **(c) Personal Motivation** (d) Verification
12. One of the differences between the public and private limited companies is
(a) the minimum number of owners (b) the maximum number of owners
(c) limited liability (d) unlimited liability of owners
13. One of the major documents of incorporation is
(a) article of partnership (b) Partnership agreement
(c) memorandum of association (d) memorandum of incorporation
14. Relevant issues in team building include all except: (a) Cohesiveness
(b) Goal Specification **(c) Independence** (d) Interdependent
15. Effective teams must possess the following characteristics except:
(a) team identity (b) competent team members
(c) mistrust among team members (d) mutual trust among team members

16. Two or more people who interact and coordinate their work to accomplish a specific goal, can be regarded as:
(a) A team (b) Friends (c) Allied (d) None of the above
17. When a group is created by formal authority of an organization to transform resources inputs into product outputs, such group is known as: **(a) Work group**
 (b) Informal group (c) Unofficial group (d) Psychological group
18. is described as the oneness of the group member.
(a) Cohesiveness of group (b) Independence of group member
 (c) Group Composition (d) Group Norms
19. The emergence of a mature organized and well functioning group were complex task dealt with and membership disagreement are handled effectively is known as:
(a) Total Integration stage (b) Initial Integration stage
 (c) Forming stage (d) Storming stage.
20. The uniqueness of private limited company is that the investors have
 (a) limited liability (b) minimum of two person to start the business
 (c) shares are publicly subscribed
(d) Restrictions on the transfer of shares
21. The Entrepreneurial environment is being assessed by using one of the following
 (a) WAT analysis (b) MAT analysis **(c) SWOT analysis** (d) WOT analysis
22. ----- is a business in which one or more members of one more families have a significant ownership interest and significant commitment towards the business overall wellbeing. **(a) Family business** (b) Local business
 (c) Standard business (d) International business
23. _____ means an effort carried out by social entrepreneurs who recognize some social problems. **(a) Social Entrepreneur** (b) political entrepreneur
 (c) cultural entrepreneur (d) technological entrepreneur
24. Psychological factors includes (a) Dream desire (b) need for achievement
 c) idea driven **(d) all of the a love**
25. Entrepreneurship is a coin of two sides made up of----- and risk taking
 (a) Innovation (b) integrity (c) communication **(d) profit**

SECTION II (20 marks)

- a. No matter how small, funds are required by entrepreneurs to commence and/or continue with the business ideology, It is a truism that monies could be sourced through various means. Generally however, these sources can be collapsed into two,, internal and external. Without strict regards to Business Entity Concept of Accounting: Identify and briefly discuss any three (3) each of internal and external sources of funds (12 marks)
- b. The terminologies/concepts - Entrepreneur and Intrapreneur seem to have the same meaning but in reality, they are not. Discuss. (8 marks)

SOLUTION TO QUESTION SECTION II (a) GST 301A 2017/2018

Internal Sources

An internal source of funds is peculiar to an existing venture. The internally generated funds can emanate from the following sources

Retained profits: - It is an accepted practice to finance the fixed and working capital requirement from profits generated from the previous business activities of the venture.

Provisions: - Provision for tax and depreciation are another internal source of finance. Since business tax are payable a year after profits have been declared, this amount could serve as a source of fund for small business firm. Furthermore, annual provisions for depreciation represent cash retained by the enterprise over and above the normal undistributed profit.

Reducing current asset: - Reducing current assets is a source of fund and large amount of money could be made available for financing the activities of the venture.

External Sources

The external sources of funds are those that are obtained outside the venture. The external sources can be sub-divided into three namely; -

- Short-term finance
- Long term finance
- Medium term finance

A Short term finance: Short term financing involves obligation debts that have maturity date of less than one year. The typical example of short term finance includes goods purchased on credits, outstanding short term loans from banks/ accrued payment such as deferred taxation, salaries and wages etc. Some of the methods of short term financing are; -

(i) **Open account or Trade credits/ Account payable:** - It is a form of financing in which the seller extends credits to customers. The credit is reflected on the entrepreneur's balance sheet as accounts payable, and in most cases it must be paid in 30 to 90 days.

(ii) **Account receivable financing:** - It is a short term financing that involves either the pledge of receivables as collateral for a loan or the sale of receivables (factoring). Accounts receivables loans are made by banks, whereas factoring is done primarily by finance companies and factoring concerns.

(iii) **Bank overdraft facilities:** - An arrangement which allows a person who keep a current account with a bank the opportunity to draw above the balance in the account. The customers who overdraws his/her account pays both the overdrawn account plus the interest on the amount overdrawn.

(iv) **Notes payable:** - These are payments to banks (commercial) individuals or firms in which the maker of such notes endorses them in favour of the payee.

A typical example of notes payable is a promissory note which is a short term marketable debt security in which the borrower promises to pay a stated sum on a stated future date, also known as one-name paper or commercial paper.

(v) **Commercial draft:** - It is a short term credit instrument, it is similar to a promissory note, except that the payee creates the draft in which the drawer indicates the time on the draft or sight draft requiring payment on presentation.

(vi) **Bill of exchange:** - A bill of exchange is a marketable short time debt security in which one party (the drawer) directs another party (the acceptor) or draw to pay a stated sum on a stated future date.

Long term finance: - As the name suggests this type of finance require that funds will be at the disposal of the business venture for a very long period of time. The sources of funds that fall under this category include: -

(i) **Equity finance/ Shareholders fund:** - It is the money invested in the venture with no legal obligation for entrepreneurs to repay the principal amount or pay interest on it. The use of the equity funding thus requires no repayment in the form of debt. It does, however, require sharing the ownership and profits with the funding source. Since no repayment is required equity capital can be much safer and cheaper for new ventures than debt financing, although the entrepreneur must be ready to give up part of his ownership rights to the willing investors.

(ii) **Bonds/ Debenture:** - these are the instruments issued by a business venture, generally bearing its common seal, normally called on the face of it a debenture, and providing for the payment of or acknowledging the indebtedness in a specified sum, at a fixed date, with interest thereof. Debenture could be secured, mortgaged and unsecured. A debenture is said to be secured when specific assets of the venture had been pledged as collateral and the holder is given a right of lien on those assets. A right of lien is a legal right given to the creditor to obtain the amount of money necessary to satisfy the unpaid portion of the interest or the principal. While unsecured debentures are bonds issued without the pledge of any specific type of collateral. Such bonds only have a claim on the earnings and not assets. In the case of liquidation of the venture the debentures holders are settled first before the preference shareholders.

(ii) **Mortgage financing:** - Mortgage institutions provides this type of finance, such finance is usually provided for acquisition of landed property for example purchase of land, purchase of already completed building, development of new building or renovation of an existing structure. The duration of payment is usually very long sometimes over 20 years.

SOLUTION TO QUESTION SECTION II (b) GST 301A 2017/2018

Difference Between Entrepreneur and Intrapreneur

As both entrepreneur and intrapreneur share similar qualities like conviction, creativity, zeal and insight, the two are used interchangeably. However, the two are different, as an **entrepreneur** is a person who takes a considerable amount of risk to own and operate the business, with an aim of earning returns and rewards, from that business. He is the most important person who envisions new opportunities, products, techniques and business lines and coordinates all the activities to make them real.

On the contrary, an **intrapreneur** is an employee of the organization who is paid remuneration according to the success of the business unit, for which he/she is hired or responsible.

The primary difference between an entrepreneur and intrapreneur is that the former refers to a person who starts his own business with a new idea or concept, the latter represents an employee who promotes innovation within the limits of the organization. In this article excerpt, we are providing you with some other important points of distinction between the two.

The important distinguishing points between entrepreneur and intrapreneur, are given in the following points

1. An entrepreneur is defined as a person who establishes a new business with an innovative idea or concept. An employee of the organisation who is authorised to undertake innovations in product, service, process, system, etc. is known as Intrapreneur.
2. An entrepreneur is intuitive in nature, whereas an intrapreneur is restorative in nature.
3. An entrepreneur uses his own resources; i.e. man, machine, money, etc. while in the case of an intrapreneur the resources are readily available, as they are provided to him by the company.
4. An entrepreneur raises capital himself. Conversely, an intrapreneur does not need to raise funds himself; rather it is provided by the company.
5. An entrepreneur works in a newly established company. On the other hand, an intrapreneur is a part of an existing organisation.
6. An entrepreneur is his own boss, so he is independent to take decisions. As opposed to intrapreneur, who works for the organisation, he cannot take independent decisions.
7. This is one of the salient features of an entrepreneur; he is capable of bearing risks and uncertainties of the business. Unlike intrapreneur, in which the company bears all the risks.
8. The entrepreneur works hard to enter the market successfully and create a place subsequently. In contrast to Intrapreneur, who works for organization-wide change to bring innovation, creativity and productivity.

FIRST SEMESTER EXAMINATION 2016/2017 SESSION

COURSE: GST 301A ENTREPRENEURSHIP STUDIES

Time Allowed: 1hrs : 15 MIN.

SECTION A:

SECTION A:

1. One of the earlier authors to identify the concept of entrepreneurship is:
a. Joseph Brown **b. Joseph Schumpeter** c. Joseph Schemes
d. Joseph Say e. Joseph James
2. One of the characteristics of successful entrepreneurs is:
a. intolerance b. product theft c. ideology tapping
d. Dependent mindset **e. Infectious optimism**
3. Essentially an entrepreneur is all but one of the following:
a. Risk taker b. Inventor **c. Destroyer** d. Innovator e. Creator
4. A word/phrase that captures Creativity is: a. Idea modification b. Incubation
c. Idea Rationalization **d. Idea blrth** e. Nursing
5. The most commonly known forms of innovation included all but one of these:
a. Regulatory **b. Product** c. Administrative d. Technological e. Marketing
6. Of the concept in team building process is all but One of these: a. Cohesiveness b.
Communication **c. Egocentrism** d. Interdependence e. Understanding
7. All except one of the following is a potential challenge of team building
a. Power erosion **b. Collaboration** c. Coordination
d. Task evasion e. Laziness
8. Business ethics can be examined from all but one of the following perspective:
a. Stewardship b. Commercial c. Society d. Employee **e. Advertisement**
9. A team is best captured by: **a. Collaboration of persons**
b. togetherness of people c. Friendship
d. Relationship of people e. Common goal pursuit
10. All except one of the following is a factor of production:
a. Land **b. Artisans** c. Capital d. Labour e. Entrepreneurship
11. All but one of the following are the reasons for venturing into entrepreneurship
a. Consumer Demand b. Security c. Inheritance **d. Self Centeredness**
12. Which of these is a form of entrepreneur?
a. Homopreneur b. Electropreneur **c. Tecnopreneur** d. Landpreneur
13. All but one of these can promote entrepreneurship in Nigeria:
a. Dumping b. Capital Availability c. Recession d. Import Restriction
14. Entrepreneurs can legally raise finances from all but one of these sources:
a. Family. **b. Accounts hacking** c. Venture capitalists d. Settlements
15. Entrepreneurs contribute to the economy of a nation by: **a. Employment generation**
b. Hoarding goods c. Tax evasion d. Tax avoidance
16. Business organization includes all but one of the following:
a. Proprietorship b. Partnership **c. Ventureship** d. Corporation
17. Of the major challenges of family assistance in business financing are all of these except? a. Interference b. eavesdropping
c. Bordering **d. Anxious expectations**
18. Another name for Sole Proprietorship business is: a. Family business
b. One man business c. Joint business d. Venture business
19. Of the debt instruments used by businesses to raise finances are all except one of these:

20. a. Direct loan b. Debentures c. Equity **d. Seed money**
 One of the following is not a merit of sole proprietorship a. All profit ownership
 b. Minimum legal restriction **c. Unlimited liability** d. Privacy
21. All except One of the following directly impacts on entrepreneurial activities in Nigeria
22. a. NAFDAC b. CAC c. SMEDAN **d. NJC**
 One of the major documents of incorporation of companies is
 a. Article of partnership b. Partnership agreement
c. Memorandum of association d. Memorandum of incorporation
23. One of the reasons that cause failure in small business is the problem of _____
 to replace the entrepreneur when he dies **a. Suitably qualified successor**
 b. Poor credit granting c. Unbalanced expansion **d. Wrong location**
24. Partnership formation requires minimum and maximum number of partners as:
a. 2 and 20 b. 2 and 50 c. 2 and 7 d. 7 and 20
25. Basically an entrepreneur is _____ **a. A risk taker** b. A humanitarian
 individual c. A company worker d. A private and a reserve person -

SECTION B;

1. In Nigeria, a lot of Government Agencies and Parastatals exist. Whereas the activities of some of these agencies impact directly on Entrepreneurship, the activities of some others do not directly affect it. Identify any two (2) of such agencies or parastatals whose activities directly affect entrepreneurship either positively or otherwise and briefly discuss each of them.
2. One of the promises of the APC government during the electioneering campaigns is the promotion of entrepreneurship. This promise may end up been a mirage due to so many challenges and/or problems facing entrepreneurs in the country (Nigeria Identify any five (5) of such problems, discuss them and proffer solutions to each of them as briefly as you can.

SOLUTION TO SECTION B

SOLUTION TO QUESTION 1 GST 301A 2016/2017 SESSION

Role of Government in Entrepreneurship Development through it agencies in Nigeria

Economic growth rates are often attributed to the role of the duo of government and entrepreneurs which is complementary and not mutually exclusive. In Nigeria, like some other economies, government helps to develop transportation, power, financial inducement, subsidies and other utilities to encourage entrepreneurship development.

Furthermore the government provides security to safe guard life and property; maintaining law and order and freedom to do business.

The role of government in entrepreneurship development in Nigeria became significant only after the Nigeria civil war (1967-70) (Esiomo, 2010). Since the mid 1980s there has been increased commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment economic Program (SAP) in 1986.

Added to this, is the establishment of the National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium Enterprise Development Association of Nigeria (SMEDAN), SMEEIS etc. Fundamentally Nigerian government promotes entrepreneurial culture through initiatives that builds business confidence, positive attitude, pride in success, support and encouragement of new ideas, social responsibility, providing technological supports, encouraging inter-firm linkages and promotion of research and development.

Others are cheap financial resources, free access to market, prompt registration/advisory service to businesses, promotion of entrepreneurial skills acquisition through education and manpower development, production of infrastructure, export incentives, stable macro economic environment, security of investment, stable political climate etc. In early 2000s, entrepreneurship studies have been introduced into the Nigerian educational system especially higher institutions as a mandatory course. The Centre for **Entrepreneurship Development (CED)**, which has the objective of **teaching and gingering students** of higher institutions (especially in science, engineering and technological **(SET)**) to acquire entrepreneurial, innovative, and management skills, was established.

This is to make the graduates self-employed, create job opportunities for others and generates wealth.

UNESCO-TVE Programmes in Nigeria is aim at fostering linkage and cooperation between higher institutions and industries such that academic research findings can readily be taken up by industries for production and product development.

Support Agencies In Small and Medium Scale Industrial Development in Nigeria

Some supportive agencies are established by the government at all levels to facilitate the promotion of entrepreneurship in Nigeria. These agencies are established to cope with the dynamics of the economy at a particular time. Their basic functions can be discussed under these roles: participatory; regulatory; and facilitating.

Participatory Agencies

The agencies in this category aid in providing goods and services which are best produced by the government. They provide goods and services that are highly subsidized or goods produced below the average cost. The services provided by these agencies are essentially to encourage entrepreneurship. Examples are:

- Federal Road Maintenance Agency (FERMA),
- Public Corporations such as Power Holding Company of Nigeria (PHCN formerly known as National Electric Power Authority, NEPA), National Emergency Management Agency (NEMA), Federal Airports Authority of Nigeria (FAAN), etc.

Regulatory Agencies

These are agencies established for regulating business. They are involved in inspection facilities, laboratory test of products, approval of facilities and product, etc. They include:

- Standard Organisations of Nigeria (SON);
- National Agency for Food and Drugs Administration and Control (NAFDAC);
- National Drug Law Enforcement Agency (NDLEA);
- Federal Environment Protection Agency (FEPA); and
- State Environmental Project Agency (SEPA).

Facilitating Agencies

These agencies are set up to facilitate the establishment and successful existence or sustenance of small scale industries. They are saddled with the responsibility of ensuring conducive environment for SMEs. Their functions may include providing specialised fund for SMEs or others. In this category, we have such institutions as:

- The Industrial Training Fund (ITF)
- Federal Institute of Industrial Research, Oshodi (FIRO)
- Bank of Industry (BOI)
- The Industrial Development Centre (IDC)
- Universities and Polytechnics
- Nigerian Export Promotion Council (NEPC)
- The National Directorate of Employment (NDE)
- National Poverty Eradication Programme (NAPEP)
- Small and Medium Enterprises Development Agency of Nigeria (SMEDAN).

Support Agencies

Federal Government especially is in collaboration with some international bodies to promote small and medium scale industries. Just as they do in other sectors, their functions cover funding, research and development, etc. These bodies include:

- The World Bank,
- United Nations Children's Fund (UNICEF)
- United Nations Industrial Organisation (UNIDO)
- African Development Bank (ADB).

Some of the above mentioned agencies and their functions are discussed below

The Corporate Affairs Commission

The Corporate Affairs Commission was established by the Companies and Allied Matters Act (CAMA) 1990 as a corporate body with perpetual succession and a common seal; it is capable of suing and being sued in its corporate name. The headquarters of the Commission was to be based at Abuja the Federal Capital Territory.

Functions of the CAC

The Act that established the Commission specified the following functions:

- The regulation and supervision of the formation, incorporation, registration, management, and winding up of companies.
- Establishing and maintaining companies' registry and offices in all the states of the Federation suitably and adequately equipped to discharge its formations.
- Arrange or conduct an investigation into the affairs of any company where the interests of the shareholders and the public so demand.
- Perform such other functions as may be specified by any act or enactment.
- Undertake such activities as one necessary or expedient for giving full effect to the provisions of the Act (CAMA, 1990).

National Agency for Food and Drug Administration and Control (NAFDAC)

NAFDAC was established under decree No 15 of 1993. The decree vested in it dual functions. To see to the establishment of food beverages and cream industry As well as regulating and controlling the importation, manufacturing, distribution, sales and use of processed food, drugs, cosmetics, medical devices, bottled water, chemicals and advertisements relating to food, beverages and cream products. Ensure that the use of **narcotic drugs and psychotropic substances** are limited to medical and scientific purposes.

Conduct appropriate tests and ensure compliance with standard specifications to ensure efficiency and safety of food, drugs, cosmetics, bottled water, medical devices, chemicals and their raw materials as well as production process in factories and other establishments. Undertake the registration of processed foods, drugs, cosmetics, medical devices, bottled water and chemicals. Compile standard specifications and guidelines for production, importation, sales and distributions of processed foods, drugs, cosmetics, medical devices, bottled water and chemicals. Inspect all imported and locally made processed foods, drugs, chemicals, cosmetics, medical devices, bottled water, and establish relevant quality assurance systems.

The Standard Council

According to Ogundele, (2007), the body was established as Nigerian Standard Organization Act of 1971, now Standard Organization of Nigeria (SON).

The functions of the council include:

- To advise government on standards, standard specifications, control and methodology.
- Designating, establishing and approving standard in respect of metrology, materials, commodities, products, processes for the certification of products in commerce and industry throughout Nigeria.
- To provide necessary measures for the control of raw materials and products in conformity with standard specifications.

- Awarding of certificate marks by the council to the manufacturers whose products meet Council's established standards
- Sealing up and confiscating of assets of organizations that fail to live up to the standards set.

SOLUTION TO QUESTION 2 GST 301A 2016/2017 SESSION

The All Progressives Congress (APC) and its flag bearer, Muhammadu Buhari, have finally taken a hold of Nigeria's federal power after what was for them the longest eight weeks in the nation's history (March 28 – May 29, 2015).

During the electioneering campaign, the people's general, made lots of promises to Nigerians, upon which they rode gallantly to power.

Would the APC, Buhari and Osinbajo keep their promises to Nigerians? Or would their administration end up like the quote of Greek author, Aesop, who said: "When all is said and done, more is said than done"?

Just in the spirit of accountability's sake, The Cable has compiled a list of Buhari's and APC's promises to Nigerians, as these will undoubtedly form the stake against which the APC government would be assessed when this new tenure ends in 2019.

We are careful to mention just a few that concerns the promotion of entrepreneurship addressed by the question [challenges and/or problems facing entrepreneurs in the country (Nigeria).]

1. **Revival of Ajaokuta steel company**
2. Generation, transmission and distribution of at least 20,000 MW of electricity within four years and increasing to 50,000 MW with a view to achieving 24/7 uninterrupted power supply within 10 years.
3. **Empowerment scheme to employ 740,000 graduates across the 36 states and the Federal Capital Territory.**
4. Establishment of a free-tuition and scholarship scheme for pupils who have shown exceptional aptitude in science subjects at O/Levels to study ICT-related courses
5. **720,000 jobs by the 36 states in the federation per annum (20,000 per state)**
6. Three million Jobs per year
7. [In another policy document by the APC] We will embark on vocational training, entrepreneurial and skills acquisition schemes for graduates along with the creation of a Small Business Loan Guarantee Scheme to create at least 5 million new jobs by 2019.
8. Provision of allowances to the discharged but unemployed Youth Corps members for Twelve (12) months while in the skills and entrepreneurial development programme
9. Making our economy one of the fastest-growing emerging economies in the world with a real GDP growth averaging 10% annually. [In another instance, the APC promised 10-12% annual GDP growth]
10. **Creation of a Social Welfare Programme of at least Five Thousand Naira (N5000) that will cater for the 25 million poorest and most vulnerable citizens upon the demonstration of children's enrollment in school and evidence of immunization to help promote family stability**
11. Recruitment and training of at least 100,000 officers into the Nigerian police force and establish a Federal anti-terrorism agency.
12. **One free meal (to include fruits) daily, for public primary school pupils**
13. **Creating additional middle-class of at least 2 million new home owners in our first year in government and 1 million annually thereafter.**
14. [In another policy document] Creating an additional middle class of at least 4 million new home owners by 2019 by enacting national mortgage single digit interest rates for purchase of owner occupier houses as well as reviewing the collateral qualification to make funding for home ownership easier, with 15 to 30 year mortgage terms.

15. **Enacting a national mortgage system that will lend at single digit interest rates for purchase of owner occupier houses.**
16. Injecting extra N30bn to the Agricultural sector to create more agro-allied jobs by way of loans at nominal interest rates for capital investment on medium and commercial scale cash crops.
17. **You farm, government buys, guaranteeing a minimum price for selected crops and facilitate storage of agricultural products as and when necessary.**

Major Challenges Facing Entrepreneurs In Nigeria (Problems) which are likely to become inhibitors of APC's campaign promises

A Report commissioned by the World Bank in 2008, to assess the challenges confronting businesses in Nigeria, identified a wide array of issues as constraints to entrepreneurship in Nigeria.

These include: poor electricity supply, inadequate access to finance, poor transportation, unfriendly tax regime, poor access to land, high cost of interest rate on money borrowed, high crime rate, corruption, unfriendly political, environment/inconsistency in government policies, obnoxious customs and trade regulations, inadequately trained workforce, and Labour regulations.

The above mentioned constraints/problems which the APC led administration promised to address are still staring the Nigerian entrepreneur in the face 3 years after.

The Most critical of these impediments to entrepreneurship in Nigeria include the following:

1. **Difficulty in securing loans from financial institutions:** the major challenges being faced by entrepreneurs in Nigeria is the issue of start-up capital. You will agree with me that it is very difficult to secure loans from banks as an entrepreneur, because some of these banks sees lending entrepreneur's money as a huge risk. This is due to the level of uncertainty surrounding the Nigerian economy. Study have shown that these financial institutions tend to frustrate aspiring entrepreneurs with some of their ridiculous requirements in a bid to discourage young entrepreneurs from obtaining loans from financial institutions. Some of these financial institutions discourage aspiring entrepreneurs with some of their unrealistic demands such as; huge collateral and their unrealistic interest rate which is aimed at discouraging aspiring small business owners. With these practice by banks, a lot of brilliant business ideas has been washed down the drain due to financial constraints.
2. **Poor state of the country's infrastructure:** the absence of good infrastructural facilities has been one of the major problems entrepreneurs are battling in Nigeria. The major one is the issue of 'epileptic power supply' that has forced so many businesses to shut down due to the high cost of running them. Imagine when entrepreneurs have to spend extra resources is buying fuel to run their generators. Resources that should have been channelled to other productive areas of the business.
3. **Difficulty in getting venture capital:** getting capital to finance entrepreneurial endeavors in Nigeria is extremely difficult, due to the lack of stability in the political and social economic system.
4. **Inconsistency in the policies of government:** the incessant change in the policies of government is one of the major challenges being faced by Nigerian entrepreneurs. In time past, we found out that there's inconsistency in the policies of government which is attributed to the constant change of government. Some of the policies made does not even last for more than 4 years before the new administration changes it. There's no continuity in the policies of government.
5. **The desire for quick returns:** another major problem facing Nigerian entrepreneurs is the desire for quick returns. The desire for quick returns is inimical to sustain entrepreneurship development. Overtime, a lot of businesses fold up due to greed and the urge for quick returns by business owners. A lot of business owners have fallen victims of fraudster who pretend to be business associate and promise to either deliver goods at a very low rate compared to what is obtainable in the market.

A lot of unsuspecting business owners have fallen victims to some of these fraudsters, who take advantage of the credulity of business owners and reap them off their hard earned money.

6. Ignorance

The biggest challenge facing entrepreneurs in this country is ignorance. Many people just print business cards and letterhead papers, and start-off their businesses without understanding the basics. Many other entrepreneurs rely only on their technical competence. They know little or nothing about bookkeeping, bank account(s), and strategic financial decision-making. The violation of laws guiding organizational financial management has led to business failure and bankruptcy. Also, being an employer. It is dangerous to start a business on the run with the aim of learning on the go. There is also a high level of ignorance on financial apparatus available for entrepreneurs.

7. Cash Flow Management

Most Inexperienced Entrepreneurs do not manage their finances properly. They give out too many credits to customers and use fund from the business capital to pay personal bills. This has led to the collapse of many businesses. An entrepreneur should learn how to manage is finances in order not to run out of business.

8. Corruption

The corruption in politics, the Law Enforcement system, including the armed forces and the judicial system. Taxes And procurement create big impediments to successful entrepreneur in Nigeria. Corruption, from individuals emanates from the desire for quick returns. This is inimical to entrepreneur development.

FIRST SEMESTER EXAMINATION 2014/2015 SESSION

COURSE: GST 301A ENTREPRENEURSHIP STUDIES

INSTRUCTION, : Answer ALL questions.

Time Allowed: 1hrs : 20MIN.

1. What do you understand by the business environment?
2. List two constituents of the business environment
3. List two major inputs and business needs in the production process.
4. What functions do the marketing institutions perform?
5. List three things an entrepreneur consider for his product to sale in the market.
6. Employees, shareholders, government, the media form part of
7. In today's banking system, ATM stands for
8. What is entrepreneurship?
9. List three factors to be considered in writing a feasibility report.
10. List two world famous entrepreneurs.
11. Land, Labour, Capital and -----are the four mainstream economic factors
12. Why are entrepreneurs called "undertakers"?
13. List two characteristics of successful entrepreneurs
14. Explain the term creativity.
15. What do you understand by the term innovation?
16. The creation of new products, processes and technologies not previously known to exist is-----
17. List two benefits of establishing own new enterprise.
18. What importance do you attach to professionalism in managing a business?
19. List two factors that make business to collapse.
20. Mention two benefits of professionalism in management.
21. Two important conditions for organization building are
22. Ageing is -----

23. What is a team?
24. Why is the formation of team(s) necessary in an organization?
25. In organization's formal structure, there are three common types of teams, list them.
26. What is self-directed teams?
27. Why are self-directed teams said to require critical supervision?
28. List two relevant issues in team building.
29. What is team building?
30. For a team to work effective it must posses certain characteristics, list two of these characteristics.
31. List two things that foster high performance in teams.
32. Two potential benefits of teams are -----
33. Mention two potential costs of teams
34. The most difficult problem in establishing a new business is not only money but
35. List two things one considers before setting up a business.
36. What is capital?
37. List the two main sources of capital.
38. List two things a bank consider before giving out loan?
39. What is cash flow?
40. The movement of money into a business is known as
41. What is a cash outflow?
42. List two ways in which money moves into a business.
43. Why is cash flow management necessary in the grow and survival of a business.
44. List two advantages of managing cash flow in a business.
45. Where is an idea first developed?
46. What do you understand by feasibility studies?
47. Give two reasons why it is necessary to conduct a feasibility study before going into a new business.
48. List two things you consider to establish a pure water factory.
49. What is the full meaning of NAFDAC?
50. List two benefits of establishing a pure water factory?

SOLUTION TO QUESTION NO. 1 – 50 GST 301 2014/2015 SESSION

1. BUSINESS ENVIRONMENT

"Business is a human activity that occurs within a social framework. It involves a large number of people all of whom are a part of the social order. Together with the physical world, the social order form a total environment in which business must function consistently with the goals, convictions, and aspiration of the society as a whole. Just as any other activity of the individual is greatly affected and usually controlled by his total social environment, so is the business activities in which individual or groups of individuals participate ". - Donald J. Hart - 1970.

Strictly speaking, Business makes demands on society, and society makes demands on business. The sum of these exchanges between business and the community make up what we know as the business environment.

2. Two constituents of the business environment are :
(i) The employees (ii) Entrepreneurs and Managers
3. Labour and Capital
4. Identifying customers needs, designing products and services that meet these needs, communicating information about product or services, making the product or services available, applying an appropriate price strategy, etc.
5. i. Industry information. ii. Consumer close-up. iii. Competition close-up.
6. Company's stakeholders
7. Automate Teller Machine
8. Entrepreneurship is the dynamic process of creating incremental wealth. This wealth created by individuals who assume the major risks in terms of equity, time, and /or

career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.

9. (i) **SOCIAL AND LEGAL ANALYSIS:**

It is always very important to identify cultural factors that may likely affect the proposed business operations, and the legal analysis which deals with how local or national laws affect operations and consumption of products or services.

(ii) **ANALYSIS OF THE ECONOMIC ENVIRONMENT:** This entails checking the economic circumstances as it affects the local, national and international economic performance. Other economic variables to be checked include consumption pattern, labour, cost, price level, market potentials, and income and general industrial environment.

(iii) **MARKET ANALYSIS:** There is a strong need to evaluate the past and present demand and supply functions in order to determine the future performance of the proposed product. The past, present and future growth, identification of target customers, and the influence of competitors should be analyzed.

The promotion/advertising method and the selling price should also be considered.

10 (i) Bill: Gates (Computer operating system and applications) (ii) Henry Ford (Automobiles)

11. Entrepreneurship

12. Entrepreneurs are called 'undertakers' because they are those who undertook the risk of new enterprise

13. (i) Self-confident and optimistic (ii) Energetic and diligent

14. Creativity - is "the ability to bring something new into existence. This definition emphasizes the "ability", not the "activity", of bringing something new into existence.

15. **Innovation** - is the process of doing new things i.e. the transformation of creative ideas into useful applications.

16. Invention

17 (i) **Fulfillment:** The excitement and challenge of your own enterprise make life immensely stimulating. You derive a deep, psychological satisfaction from "doing business".

(ii) **Salary:** Nothing can spin out money like a profitable company. You should, in time, be able to make a far higher salary than you could even earn working for someone else.

18 Professionalization of management in managing business lends impartially, objectivity, credibility and adaptability, to entrepreneurial initiative in the face of competition.

19. 1. capital inadequacy: 2. inadequate infrastructure:

20. **BENEFIT OF PROFESSIONALISM IN MANAGEMENT**

First, while the principal motivation of business is profit maximization (an inclination more pronounced in sole entrepreneurship), the professional manager tends, more towards not only ensuring corporate profitability, but endeavors, often, to reconcile the goal of business with the needs and desire of society. Thus, the professional manager tends to be more socially responsible. (Beesly, and Evans, 1978: 33-54)

Secondly, professional managers are well trained and usually are employed to executive management positions on the basis of sole performance, or their abilities (merit) rather than relationship with shareholders or owners.

21. **Ideological Foundation:** A philosophy, or in general sense, a purpose, which is all pervading, and which provides the rallying point for members, demonstration of solidarity and commitment.

Such an ideological justification, must not be based on single reason, but must represent the totality of circumstances that give meaning and direction to the organizations existing and continuance. Manifestations of such ideology may be seen in such activities as may include the economic, social, political, or religious. The essential point is that each member must share a strong and common perception of the ideals

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and objectives; and must be emotionally and psychologically convinced of the individuality and integrity of the raison d'être of the organization. Where the point is reached where this synergy is missing, the movement attracts to itself, the inevitability of dissolution and any attempt to force continuity may give rise to conflict.

Organization structure: must exist, representing the interface of authority, responsibility, and communication. Organizations must have coordination to accomplish the ends outlined in their central goals. They must have at least, some mechanisms for communication and decision making before coordination can take place (Lawrence and Lorsch, 1969:3)

22. **Ageing** is the process of becoming older.

23. What is a Team?

As defined by Daft (1997:591), a team is a unit of two or more people who interact and coordinate their work to accomplish a specific goal. A team could also be seen as a number of individual members with some common identity, each of whom possesses particular aptitudes, knowledge and skills, and also such personality factors as cultural experience, values, needs for affiliation and achievement, along with levels of self-awareness and interpersonal comfort, who come together to share their perspectives, bias and expertise, to resolve conflict as well as provide support and recognition, through task involvement, social interaction and emotional expression for a particular mission, along with short-and long-term goals and objectives

24. The need for formation of a team becomes necessary because a team consists of interdependent individuals who share responsibility for specific out-comes. Thus, at a minimum, there must be shared responsibility and interdependence - role interdependence, goal interdependence, and out-come interdependence.

25. Vertical, horizontal and special purpose teams.

26. Self-directed teams are those teams designed to increase the participation of low-level workers in decision making in the conduct of their jobs with the goal of improving performance.

27. -----

28. (i) Cohesiveness (ii) Communication

29. Team-building is the process of creating team features in a group in order to make them more effective.

30. (i) Shared Vision or Goal (ii) Strong Team identity

31. (i) As a leader, model expected behaviours. (ii) Find ways to create early success.

32. (i) Increased level of effort (ii) Satisfaction of Members

33. (i) Power Realignment (ii) Coordinating Cost

34. -----

35. (i) Is the business worthwhile? (ii) How will it be financed ?

36. **Capital** is that part of wealth which can be used for further production of wealth. According to Marshall, Capital consists of all kinds of wealth other than gift of nature, which yield income. Therefore, every type of wealth other than land which helps in further production of income is called capital.

37. There are two main sources of capital, which are internal and external; these can further be divided into long term and short term.

38. (i) Lack of collateral (ii) Higher balanced sheet leverage

39. Cash flow can be described as a circle i.e. the use of cash to acquire resources which are used to produce goods and services and the subsequent selling of the goods and services whose funds are collected and deposited for further use.

40. Cash inflows

41. Cash outflows are the movement of money out of a business.

42. (i) Collection from customers (ii) Collection of interest

43. Cash flow management is vital to the health of any business. The cash flow of any business must be carefully monitored to ensure that corrective measures are taken when necessary to avoid a business sinking into trouble. Managing a business cash flow allows you to narrow or completely close one's cash flow gap and this is done by examining the different items that affect the cash flow of a business
44. (i) It will enable you to know whether your cash is tied up
(ii) You can spot potential bottlenecks and act to reduce their impact. (iii) It will give you an opportunity to plan ahead
45. In the brain by recognition of the type of business intended to embarked upon
46. a feasibility study is the total investigation plan for a new business to reveal and authenticate the viability and profitability of a business enterprise before establishment of the enterprise.
It is also described as an x-ray and the analysis of prospects and problems associated with business venture.
47. 1. It reduces chances of failure
2. It helps the entrepreneur to make a crucial decision as to whether or not to go into a particular business.
48. (i) The market for the product i.e. the demand for pure water in that environment, given that there could be other better sources of water supply
(ii) The transportation mode. i.e. the movement of the produced water from its point of production to the point of demand
49. NAFDAC = National Agency for Food, Drugs and Administration Control
50. (i) Empowerment of individuals in the sited environment
(ii) It generates income to the entrepreneur and other subsidiary businesses