# ENTREPRENEURSHIP QUESTIONS AND ANSWERS



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Questions and Answers

## Question 1

## KIRYOKYA SCHOOL OF NURSING AND MIDWIFERY - NO.123

**- Define the term market.**

**- Explain the process of marketing.**

### ANSWER: Examination Script

A market is a place (physical or virtual) where buyers (customers with needs or wants) and sellers (businesses offering products or services to satisfy those needs/wants) come together to interact and engage in the exchange or transaction of goods, services, or information. It involves the forces of demand (from buyers) and supply (from sellers) which determine prices.

1. Understanding the Marketplace and Customer Needs and Wants: This is the foundation. Businesses must research and understand: Customer Needs: Basic human requirements (e.g., food, shelter, safety). Customer Wants: Needs shaped by culture and individual personality (e.g., wanting a specific type of food). Customer Demands: Wants backed by buying power. Market Offerings: The products, services, information, or experiences offered to satisfy needs/wants. Customer Value and Satisfaction: How customers perceive the benefits versus the costs. The Market Itself: The set of actual and potential buyers.

2. Designing a Customer Value-Driven Marketing Strategy: Once customer needs are understood, the business develops a strategy to serve them. This involves: Selecting Customers to Serve (Target Marketing): Market Segmentation: Dividing the market into distinct groups of buyers with different needs, characteristics, or behaviors. Target Marketing: Evaluating each market segment's attractiveness and selecting one or more segments to enter. Choosing a Value Proposition: How the business will differentiate and position itself in the marketplace. It's the set of benefits or values it promises to deliver to customers to satisfy their needs (e.g., "more for more," "more for the same," "the same for less"). Marketing Management Orientations: Deciding on the philosophy that will guide marketing efforts (e.g., production concept, product concept, selling concept, marketing concept, societal marketing concept).

3. Constructing an Integrated Marketing Program that Delivers Superior Value: This involves developing an integrated marketing mix (the "4 Ps" or "7 Ps") to implement the marketing strategy. Product: Designing and managing the market offering (goods, services). Price: Setting the right price for the offering. Place (Distribution): Making the offering available to target customers through appropriate channels. Promotion (Marketing Communication): Communicating the value proposition to target customers and persuading them to buy (e.g., advertising, sales promotion, public relations, personal selling, direct marketing). (For services, often extended to 7 Ps: People, Process, Physical Evidence).

4. Building Profitable Relationships and Creating Customer Delight (Customer Relationship Management - CRM): Focuses on acquiring, engaging, and growing profitable customer relationships. Customer Perceived Value: The customer's evaluation of the difference between all benefits and all costs of a market offering relative to those of competing offers. Customer Satisfaction: Depends on the product's perceived performance relative to a buyer's expectations. Aim to delight customers by exceeding expectations. Building relationships through loyalty programs, customer support, personalized communication, and community building.

5. Capturing Value from Customers to Create Profits and Customer Equity: The final step involves reaping the rewards of strong customer relationships. Creating Customer Loyalty and Retention: Satisfied and delighted customers are more likely to be loyal and make repeat purchases. Growing Share of Customer: Increasing the portion of the customer's purchasing in their product categories. Building Customer Equity: The total combined customer lifetime values of all of the company's current and potential customers. This is the ultimate aim of CRM. Capturing value in the form of sales, market share, and profits.

## Question 2

## LIRA SCHOOL OF NURSING AND MIDWIFERY - NO.124

**- Define the term capital.**

**- Outline five factors to consider when starting a business.**

**- Outline any 6 problems that affect the business community in Uganda today.**

### ANSWER: Examination Script

In a business context, capital refers to the financial resources (money) or assets (like machinery, equipment, buildings, inventory) that a business owns or has access to, which are used to fund its day-to-day operations and support its long-term growth and development. It can be cash, tangible goods, or even intangible assets like brand value or intellectual property that contribute to wealth creation.
Capital is essential for starting, running, and expanding a business.

1. Business Idea and Feasibility: Is the core idea viable? Is there a genuine need or want in the market for the product or service you plan to offer? Conduct market research to assess demand and potential.

2. Knowledge, Skills, and Experience: Do you (and your team, if any) possess the necessary expertise, skills, and experience relevant to the industry and the specific business operations? Identify any gaps and how to fill them (e.g., training, hiring, partnership).

3. Market and Competition: Who are your target customers? What is the size of the market? Who are your competitors, and what are their strengths and weaknesses? How will your business differentiate itself and gain a competitive advantage?

4. Capital and Financial Resources (Funding): How much money (start-up capital) is needed to launch the business (for equipment, rent, inventory, marketing, initial operating expenses)? Where will this funding come from (personal savings, loans, investors)? Develop a realistic budget and financial projections.

5. Business Plan: Develop a comprehensive written document outlining the business goals, strategies, market analysis, operational plan, management team, and financial forecasts. A business plan is crucial for guiding the business and attracting funding.

6. Legal Structure and Registration: Decide on the appropriate legal structure for the business (e.g., sole proprietorship, partnership, limited company) and complete all necessary registration and licensing requirements.

7. Location: For physical businesses, the location can be critical. Consider accessibility for customers, proximity to suppliers, rent/property costs, and local regulations.

8. Team / Staff (if applicable): If you need to hire employees, consider the skills required, recruitment process, and labor costs.

9. Risk Assessment and Mitigation: Identify potential risks (financial, operational, market-related) and develop strategies to minimize or manage them.

10. Personal Commitment and Passion: Starting a business requires significant time, effort, and resilience. Passion for the idea and strong personal commitment are vital for overcoming challenges.

1. High Cost of Capital / Limited Access to Affordable Finance: Interest rates for loans can be very high, and accessing credit, especially for small and medium enterprises (SMEs), is often difficult due to stringent collateral requirements or perceived risk by financial institutions.

2. Inadequate Infrastructure: Poor Transport Network: Roads in many areas are in poor condition, increasing transportation costs and time, and affecting distribution of goods. Unreliable Power Supply: Frequent power outages disrupt production, damage equipment, and necessitate costly alternatives like generators. Limited Internet Connectivity/High Cost: Especially in rural areas, hindering access to information, online marketing, and e-commerce.

3. High Operating Costs: Including costs of electricity, fuel, raw materials (sometimes imported), and transportation, which can squeeze profit margins. High prices for commodities can also reduce consumer purchasing power.

4. Corruption and Bureaucracy: Endemic corruption, complex tax systems, and bureaucratic red tape in obtaining licenses or permits can increase the cost of doing business, create unfair competition, and deter investment.

5. Skills Gap / Lack of Specialized Skills: A mismatch between the skills possessed by the workforce and the skills demanded by businesses, particularly for technical and managerial roles. This can affect productivity and innovation.

6. Competition from Imported Goods / Informal Sector: Local businesses often face stiff competition from cheaper imported products. A large, untaxed informal sector can also create an uneven playing field for formal businesses that pay taxes and comply with regulations.

7. Limited Market Access (Domestic and Export): Challenges in accessing larger domestic markets due to infrastructure, and difficulties in meeting standards or navigating procedures for export markets.

8. Policy Instability and Unpredictability: Changes in government policies, tax regimes, or regulations can create uncertainty for businesses and affect long-term planning and investment. Political uncertainty can also be a factor.

9. Impact of Emerging Communicable Diseases / Health Crises: As seen with COVID-19 and Ebola outbreaks, these can severely disrupt supply chains, reduce demand, and force business closures or reduced operations.

10. Low Levels of Literacy and Financial Literacy: This can affect both the workforce's ability to adopt new technologies or practices, and entrepreneurs' ability to manage finances and business operations effectively.

## Question 3

## MULAGO SCHOOL OF NURSING AND MIDWIFERY - NO.125

**- Outline the causes of business failure.**

**- How can a small business owner avoid the common pitfalls that often lead to business failure?**

### ANSWER: Examination Script

1. Poor Management / Weak Leadership: Lack of experience, poor decision-making, inability to adapt to changes, or ineffective leadership can lead to failure. This includes not recognizing skill gaps or failing to seek professional advice.
2. Inadequate Planning / Lack of Strategy: Failing to create a solid business plan, not setting clear goals, or having no strategy for growth, marketing, and operations. "Failing to plan is planning to fail."
3. Insufficient Capital / Poor Financial Management: Starting with too little money (undercapitalization), poor cash flow management, inability to secure further funding, accumulating too much debt, or losing control of finances. Not being aware of the financial position at any given time.
4. Lack of Market Understanding / Poor Marketing: Not understanding customer needs, failing to identify the target market, ineffective marketing strategies, or inability to adapt to changing market trends.
5. Overdependence on a Few Customers: If a large portion of revenue comes from one or two major clients, losing them can be devastating.
6. Inability to Manage Growth: Expanding too quickly without adequate resources, systems, or infrastructure can lead to operational problems and financial strain.
7. Poor Customer Service / Lack of Good Customer Care: Failing to prioritize customer satisfaction can lead to loss of existing customers and inability to attract new ones.
8. Competition: Underestimating competitors or failing to differentiate the business and its offerings effectively.
9. Unfavorable Location: Choosing a poor location with low visibility, difficult access for customers, or high rent can hinder success.
10. Not Seeking Professional Advice: Failing to consult with experts (e.g., accountants, lawyers, marketing consultants) when needed.
11. External Factors: Economic downturns, changes in government regulations, natural disasters, political instability, or unexpected events like pandemics.
12. Lack of Personal Growth / Not Investing in Self: Entrepreneurs not continually learning, researching, or attending workshops to improve their knowledge and skills.
13. Lack of Focus / Getting Distracted: Trying to do too many things at once or losing sight of core business goals.
14. Quitting Too Soon: Giving up before the business has had a fair chance to succeed, often due to initial setbacks or lack of perseverance.
15. Poor Stock Management: Not keeping proper records of stock, leading to stockouts or overstocking.
16. Unaccountability: Not tracking sales, purchases, profits, and losses properly. Spending business money on personal needs without proper accounting.
17. Wrong Expectations / Poor Quality Products or Services.

18. Death of the Business Owner (especially in sole proprietorships without succession planning).

1. Develop a Solid Business Plan: Create a detailed plan outlining goals, strategies, market analysis, operations, and financial projections. This acts as a roadmap.

2. Manage Finances Carefully (Cash Flow Management): Monitor cash flow closely, create budgets, control expenses, and ensure adequate funding. Have a cash flow forecast.

3. Understand Your Market and Customers: Conduct thorough market research to identify target customers, understand their needs, and analyze competitors. Position your business effectively.

4. Focus on Customer Service: Prioritize excellent customer care to build loyalty and attract repeat business and referrals.

5. Seek Advice and Mentorship: Don't be afraid to ask for help from experienced entrepreneurs, mentors, or professional advisors (accountants, lawyers).

6. Adapt to Change and Be Flexible: Be willing to adjust your business model, products, or services in response to market changes and customer feedback.

7. Manage Growth Wisely: Expand at a sustainable pace, ensuring you have the resources and systems to support growth. Don't develop too many products too quickly.

8. Hire the Right People (and Delegate): Recruit skilled and motivated employees. Learn to delegate tasks effectively rather than trying to do everything yourself. Trust your team.

9. Continuously Learn and Improve: Invest in your own skills and knowledge. Stay updated on industry trends and best practices.

10. Embrace Technology: Use appropriate technology to improve efficiency, reach customers, and manage operations.

11. Build a Strong Business Culture: Create a positive work environment that motivates and retains employees.

12. Persevere and Learn from Failures: Expect challenges and setbacks. Learn from mistakes rather than giving up easily. Believe in yourself and your mission.

13. Maintain Good Records / Proper Bookkeeping: Keep accurate financial and operational records to track performance and identify problems early.

14. Don't Over-Depend on a Single Customer: Diversify your customer base.

15. Set Smart Goals and Develop Achievable Strategies.

## Question 4

## KABAALE SCHOOL OF COMPFREHENSIVE NURSING - NO.126

**- State five importance of studying entrepreneurship.**

**- Outline five functions of entrepreneurship.**

### ANSWER: Examination Script

1. Prepares for an Uncertain Future / Develops Life Skills: Teaches crucial life skills like problem-solving, critical thinking, creativity, teamwork, resilience, and adaptability, which are valuable in any career path and help navigate an ever-changing world.

2. Fosters Innovation and Creativity: Encourages thinking outside the box, identifying new opportunities, and developing novel solutions to existing problems.

3. Promotes Job Creation and Self-Employment: Equips individuals with the knowledge and skills to start their own businesses, thereby creating employment opportunities for themselves and others, which is vital in areas with high unemployment.

4. Contributes to Economic Growth and Development: New businesses drive innovation, introduce new products and services, increase competition, and contribute to the overall economic development of a community or country (e.g., through taxes, GDP growth).

5. Enhances Personal Growth and Development: Develops qualities like leadership, decision-making, risk-taking, perseverance, and self-confidence. It empowers individuals to take control of their careers and futures.

6. Teaches Problem Identification and Solving Skills: Helps individuals identify unmet needs or problems in society and develop entrepreneurial solutions to address them.

7. Relevant Across All Fields: Entrepreneurial thinking (being innovative, proactive, and resourceful) is valuable not just in business, but in any profession or sector, including healthcare (e.g., starting a private clinic, improving health services).

8. Empowers Financial Independence: Provides a pathway to financial independence and wealth creation, reducing reliance on traditional employment.

9. Encourages Use of Latest Technologies: Often involves leveraging new technologies to create opportunities and improve efficiency.

1. Innovation: Introducing new products, services, processes, markets, or new forms of organization. This involves creativity and finding better ways of doing things. Schumpeter emphasized this as the core function.

2. Risk-Taking / Bearing Uncertainty: Entrepreneurs invest their own resources (time, money, effort) into ventures with no guarantee of success. They assume financial, psychological, and social risks associated with starting and managing a business in an uncertain environment.

3. Organization Building / Coordination: Bringing together and coordinating various factors of production (land, labor, capital, technology) to create a functioning business enterprise. This includes designing the organizational structure, hiring and managing people.

4. Decision Making: Making crucial decisions regarding what to produce, how to produce, where to sell, how to finance the business, and how to adapt to changing conditions. This is done under conditions of uncertainty.

5. Identifying Opportunities: Perceiving and evaluating business opportunities in the market that others may not see. This involves market research, trend analysis, and recognizing unmet customer needs.

6. Resource Mobilization: Securing and allocating the necessary financial, human, and physical resources required to start and operate the business.

7. Management and Leadership: Directing, controlling, and supervising the day-to-day operations of the business. Providing vision, motivation, and leadership to the team.

## Question 5

## JONASS INTERNATIONAL COLLEGE OF NURSING AND MIDWIFERY - NO.127

**- What is business planning?**

**- List the importance of business planning.**

**- What are the contents of a business plan?**

**ANSWER: Examination Script**

Business planning is the systematic process of thinking about and organizing the various aspects involved in starting, running, or growing a business. It involves setting goals, outlining strategies to achieve those goals, identifying necessary resources, anticipating potential challenges, and creating a roadmap for the business's future. The primary output of this process is usually a formal written document called a business plan.

1. Provides a Roadmap and Direction: Clearly outlines the business's goals and the steps needed to achieve them, giving a clear path forward.

2. Secures Funding: A well-written business plan is essential for attracting investors, securing loans from banks, or obtaining grants.

3. Tests Feasibility of the Business Idea: The planning process forces you to critically evaluate whether the business idea is realistic, viable, and has potential for success.

4. Helps in Making Informed Decisions: Provides a framework for decision-making by analyzing different options and their potential outcomes.

5. Identifies Potential Problems and Risks: Allows entrepreneurs to anticipate challenges, weaknesses, and risks, and develop contingency plans.

6. Improves Resource Allocation: Helps in identifying necessary resources (financial, human, physical) and planning how to allocate them efficiently.

7. Facilitates Management and Control: Sets benchmarks and milestones against which business performance can be measured and monitored, allowing for corrective action if needed.

8. Enhances Understanding of the Market and Competition: Requires research into the target market, customer needs, and competitive landscape.

9. Attracts Key Employees and Partners: A clear vision and plan can help attract talented individuals to join the business.

10. Increases Chances of Business Success: Businesses with a well-thought-out plan are generally more likely to succeed than those without one.

11. Proves Seriousness About the Business: Demonstrates to stakeholders (investors, lenders, partners) that the entrepreneur is serious and has thoroughly considered the venture.

12. Opens Communication: Ensures everyone involved in the business (founders, employees) is on the same page regarding goals and strategies.

1. Executive Summary: A brief overview (1-2 pages) of the entire business plan, written last but placed first. It summarizes the mission, products/services, target market, competitive advantage, management team, financial highlights, and funding request (if any).

2. Company Description: Detailed information about the business, including its legal name and structure, mission statement, vision, values, history (if existing), location, and objectives.

3. Products and Services: A clear description of what the business will offer, its unique selling proposition (USP), features and benefits, any proprietary technology or patents, and plans for future product/service development.

4. Market Analysis (Industry Overview): Industry Description: Overview of the industry, size, trends, growth rate. Target Market: Detailed description of the specific customer segments the business will target (demographics, psychographics, needs). Market Size and Potential: Estimated size of the target market and its growth potential. Competition Analysis: Identify key competitors, their strengths and weaknesses, and how the business will compete.

5. Marketing and Sales Strategy: Overall Marketing Strategy: How the business will reach its target market and build brand awareness. Pricing Strategy: How products/services will be priced. Sales Strategy/Distribution Channels: How products/services will be sold and delivered to customers. Promotion and Advertising Plan: Specific marketing tactics to be used (e.g., online marketing, advertising, PR, sales promotions).

6. Management Team / Organization and Management Plan: Organizational Structure: Chart showing roles and reporting relationships. Key Management Personnel: Details about the founders and key team members, their experience, skills, and responsibilities. Advisory Board (if any): Members and their expertise. Human Resources Plan: Staffing needs, recruitment, training.

7. Operations Plan: Description of the day-to-day running of the business, including location, facilities, equipment, production process (if applicable), inventory management, suppliers, and quality control.

8. Financial Plan / Financial Projections: This is a critical section, especially for seeking funding. Start-up Costs: Detailed list of initial expenses. Funding Request (if applicable): Amount of funding needed and how it will be used. Projected Income Statement (Profit and Loss): For 3-5 years. Projected Cash Flow Statement: For 3-5 years. Projected Balance Sheet: For 3-5 years. Break-Even Analysis. Key assumptions used in financial projections.

9. Appendix (or Exhibits): Supporting documents, such as resumes of key personnel, letters of intent, permits, licenses, market research data, quotes for equipment, credit information, etc.

## Question 6

## JINJA SCHOOL OF NURSING AND MIDWIFERY - NO.128

**- What is business competition?**

**- What are advantages of business competition?**

**- Explain the different types of competition.**

### ANSWER: Examination Script

Business competition is the rivalry or contest between organizations (businesses) that offer similar products or services, or target the same group of customers, in an effort to achieve business objectives such as increased sales, greater market share, and higher profits. Competitors strive to attract customers by offering better value, price, quality, innovation, or customer service.

1. Benefits to Consumers: Lower Prices: Businesses often lower prices to attract customers away from rivals. Better Quality Products and Services: Companies strive to improve the quality of their offerings to gain an edge. More Choice and Variety: Competition leads to a wider range of products and services available to consumers. Improved Customer Service: Businesses focus on better service to retain and attract customers.

2. Drives Innovation and Efficiency for Businesses: Innovation: Companies are motivated to develop new and improved products, services, and processes to stay ahead. This involves research and development. Increased Efficiency: Businesses look for ways to reduce costs and improve productivity to offer competitive prices while maintaining profitability.

3. Economic Growth: Competition encourages investment, stimulates economic activity, and can lead to job creation as successful businesses expand.

4. Better Resource Allocation: Resources tend to flow towards businesses that are most efficient and best at meeting customer needs, leading to a more optimal allocation of resources in the economy.

5. Increased Awareness and Demand: Marketing and advertising efforts by competing businesses can increase overall awareness and demand for a particular type of product or service.

6. Businesses Analyze Strengths and Weaknesses: Competition encourages organizations to evaluate their own performance and identify areas for improvement to remain competitive.

7. Promotes Business Development: Challenges businesses to continually improve procedures, analyze success, and develop new methods of achieving objectives.

1. Direct Competition: This occurs between businesses that offer very similar (or identical) products or services and target the same customer group to satisfy the same need. Example: Two different brands of smartphones offering similar features and price points; two nearby supermarkets selling the same grocery items.

2. Indirect Competition: This exists between businesses that offer different products or services but satisfy the same underlying customer need or solve the same problem. Customers might choose one over the other based on preference, price, or convenience. Example: A fast-food restaurant and a sit-down buffet restaurant both satisfy the need for hunger, but offer different dining experiences and products. A cinema and a streaming service both offer entertainment.

3. Replacement (Substitute) Competition: This involves businesses offering products or services that can entirely replace an existing solution, often by providing a new or significantly improved way of satisfying a customer need. These can be disruptive. Example: Smartphones (with camera, internet, music) largely replaced separate devices like standalone cameras, MP3 players, and even some functions of landline phones or computers for certain tasks. Email replaced many uses of postal mail.

Based on Market Structure (Economic Classification): Perfect Competition: Many small firms, identical products, no barriers to entry, price takers. (Theoretical ideal). Monopolistic Competition: Many firms, differentiated products (branding, features), relatively easy entry. (e.g., restaurants, clothing stores). Oligopoly: Few large firms dominate the market, products can be similar or differentiated, significant barriers to entry. Firms are interdependent. (e.g., mobile network providers, major airlines). Monopoly: Single seller dominates the market with a unique product and high barriers to entry. (e.g., a utility company in some areas).