

**Uva Wellassa University**

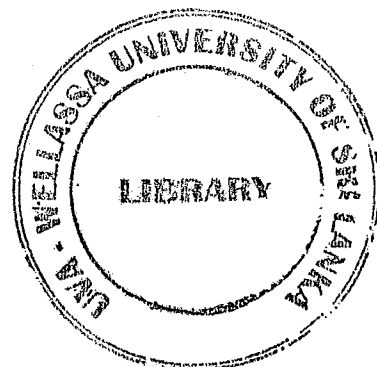
Faculty of Management

Degree of Bachelor of Business Management (BBM) in Entrepreneurship and  
Management

*FIRST YEAR FIRST SEMESTER EXAMINATION – DECEMBER 2016/JANUARY 2017*

ENM 132-3 SMEs Management

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## Part B

Answer only Three (03) questions including question number One (01)

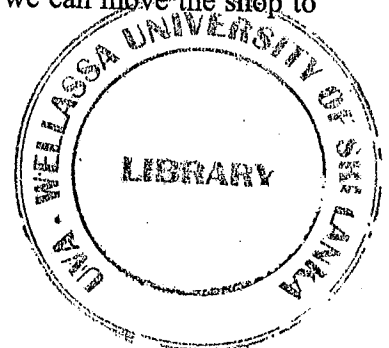
Mark Allocation: 60 Marks

01.

### Stationery Shop "Mayura"

Stationery Shop "Mayura" is a micro sized business located in Passara, Sri Lanka. The owner, S. Manjula, a sixty year-old woman with basic education- opened the business in 2005. Manjula narrates her reasons for starting a business: a better future for her children, the only alternative against the difficulty to get a job (being an elderly woman), the hope for a better life, and being able to have an independent old age. A single mother, she raised five children herself. Her children's childhood was very difficult; a big poor family struggling to survive. Manjula remembers her children studying for the elementary school exams by candlelight since they had no money to pay for electricity. Before starting a business Manjula used to work as an independent seamstress. In this context, the entrepreneurship was a tangible possibility for changing the present and future of Manjula's family. "My grandchildren will not suffer what my children did!" Manjula points.

Manjula narrates the life of the Stationery Shop "Mayura" in three stages named by her as: the Beginning, the Expansion and the Foundation. The "Beginning stage" was difficult but exciting. With less than Rs. 20,000 and a property that shares room with a shop, she opened the Stationery Shop "Mayura". "My daughter Nimali told me: - let's open a Stationery Shop-. We has a Rs. 30,000 deposit money. So we had Rs. 20,000 and we went shopping... What a surprise, it wasn't enough merchandise for the business! The shop shelves looked empty!"(Manjula). Despite the difficulty Manjula states: "I felt fulfilled, it was as if I were living a dream which had come true" (Manjula). During the "Expansion stage", Manjula and her daughter Nimali reinvested their savings from the business to stock up. Little by little, the business conditions improved. As pointed by Manjula: "A year and a half had passed, the shop started looking much better, and it was as if the business flirted with me!" But shortly, Nimali, the young daughter got pregnant and Manjula told her: "you can be the sole owner of the Stationary Shop, we can move the shop to your house and I'll start over again with another business".



After moving the Shop, Manjula and Prashani, a youngest daughter got a loan. After a year of preparation they opened a second Stationary Shop which included a cybercafé. "So we started buying two computers, then we began growing little by little until we acquire twelve computers". The main clients of the business were neighbors who were studying elementary and high school and needed both computers and stationary products. Nowadays, in the "Foundation stage" Manjula evaluates her business which is in a difficult stable moment: "we are surviving thanks to the school period, our main income comes from small sales: molding clay, cardboards, pencils, stuff like that." With a second loan to pay, small profit earnings, high taxes and long work journeys.

- I. Explain the pull and push motives to start the business which can identified in Manjula's story. (5 Marks)
  - II. Discuss different financing sources of Mayura based on its stages of development. (5 Marks)
  - III. Discuss the characteristics of Mayura's business life cycle. (10 Marks)
- (Total 20 Marks)**

02.

- I. Differentiate the "Small Business" from "Entrepreneurial Ventures" (10 Marks)
  - II. Explain the major challenges faced by Sri Lankan SMEs with relevant examples. (10 Marks)
- (Total 20 Marks)**

03.

- I. Explain the special characteristics of family business with suitable examples. (10 Marks)
  - II. Mr. Dias has decided to start new business instead of buying an existing business. Advise him explaining the factors to be considered in selecting one of the above two options. (10 Marks)
- (Total 20 Marks)**

04.

I. Discuss the types of management controls in a small firm with suitable example.

(10 Marks)

II. Explain the social responsibilities of the SMEs sector in Sri Lanka with relevant examples.

(10 Marks)

(Total 20 Marks)

