

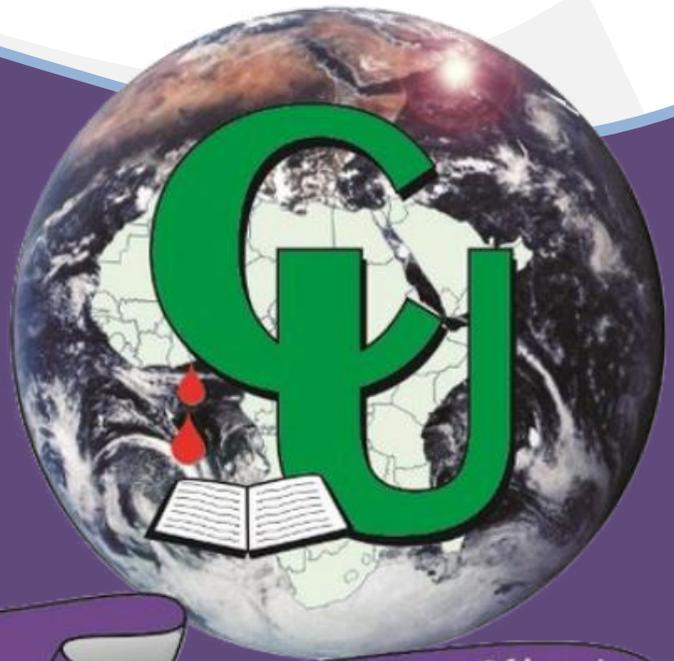
COVENANT UNIVERSITY

TUTORIAL KIT

PROGRAMME: BUSINESS

OMEGA SEMESTER

300 LEVEL



Raising A New Generation Of Leaders

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- **BUS 327: RESEARCH METHODOLOGY**
- **BUS 329: INDUSTRIAL TRAINING AND PRATICAL BUSINESS**
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COVENANTUNIVERSITY

CANAANLAND, KM 10, IDIROKO ROAD
P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: B.Sc DEGREE EXAMINATION

COLLEGE: BUSINESS & SOCIAL SCIENCES

DEPARTMENT: BUSINESS MANAGEMENT

SESSION: 2015/2016 **SEMESTER:** Omega

COURSE CODE: BUS 323 **CREDIT UNIT:** 3 **DATE:** April, 2016

COURSE TITLE: Company Law

INSTRUCTION: Answer four (4) Questions. Each Question Carries Equal Mark. **TIME:** 3 Hours

Please note that the use of judicial and statutory authorities is compulsory.

1. A group of friends named James, John and Jude want to float a Company/Corporate body with the aim of sensitizing Nigerians on the damaging effects of electoral violence and rigging and to offer free public advocacy programmes on how to eliminate electoral violence and rigging in Nigeria's Electoral System. What kind of a Company or body should they register and what are the features of such a Company/Corporate body? **(17.5marks)**.
2. President Muhammadu Buhari (GCFR) has just appointed Mr. Abubakar Salau who has been practicing law in the United Kingdom after he was called to the Nigerian Bar 20 (Twenty) year ago as the Registrar General, Corporate Affairs Commission, Abuja; explain to him in detail the statutory duties of Corporate Affairs Commission as highlighted under the Nigerian Companies and Allied Matters Act LFN, 2004 with the rationale for the Code of Corporate Governance in Nigeria **(17.5marks)**.
3. Deco Nigeria Plc. has been in the business of producing; salt, sugar and flour profitably for over 10 years. However, it has now come to the light that certain wrongs are being committed against the company. Hence, such actions if left unchecked could have the effect of crippling the company's operations across the various States of Nigeria where it has some degree of business activities ongoing. In view of these facts, you are required to provide answers to the following questions:
 - (a) State and explain the significance of the particular principle of law that requires other members of the company to sue in circumstances, when a wrong has been committed against a corporate entity, just as was captured in the above facts **(5.5 marks)**
 - (b) Mention and elaborate on three (3) specific wrongs or breaches under the Companies and Allied Matters Act, 2004 (CAMA), that

will necessitate the application of the principle you have explained in (a) above. **(12 marks)**

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4. (a) Critically explain the importance of the principle that requires incorporated companies to restrict their activities to the scope of their objects, bearing in mind the two main perspectives that have affected the application of this principle in specific respects **(5.5 marks)**

(b) Briefly discuss the significance of company law principles of; constructive notice to the operations of the corporate entity under the Companies and Allied Matters Act, 2004 **(3 marks)**

(c) State and discuss any three (3) instances that could lead to the veil of incorporation being lifted as established under the Companies and Allied Matters Act, 2004 **(9 marks)**

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5. A Director's duties are onerous and the responsibilities attached to his office are enormous. Yet he could be regarded as a mere puppet, since he can be removed without much ado by a superior power.

a. Discuss the duties of directors generally **(15 marks)**

b. What superior power may remove him, and how? **(2.5 marks)**

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6. Using the Companies and Allied Matters Act, 2004 explain the following:

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a. Methods of Shares Acquisition **(4.5 marks)**

b. Forms of Debenture **(4.5marks)**

c. Charges Securing a Debenture **(4marks)**

d. Company's Resolutions **(4.5 marks)**

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MARKING SCHEME FOR COMPANY LAW

QUESTION 1

- Either to register a Company Limited by Guarantee or an Incorporated Trustee with definition of such a Company (5mks).

Features of Company Limited by Guarantee

- Companies limited by guarantee are not profit oriented. (3½ mks).
- The income and property of the company must be applied solely towards the promotion of its objects and no part of it must be paid and transferred either directly or indirectly to the members.
- The total liability of the members to contribute to the assets of the Company shall not at any time be less than the amount they undertook to pay in the event of winding up. (4½mks).

The Association Clause of a Company limited by shares is quite different from the Association Clause of a Company limited by guarantee. In the case of a company limited by guarantee, the Clause ends at the word “Association” since there are no shares to take. This is provided in Schedule 1, Tables B and D. CAMA (4½mks).

OR

Features of Incorporated Trustee

- The name of the proposed corporate body which must contain the words “Incorporated Trustees of.....” (2mks)
- The aims and objects of the association which must be for the advancement of any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, and must be lawful. (2mks)
- The names, addresses and occupations of the secretary of the association, if any. (2mks)
- The application shall be supported by the following: Two printed copies of the Constitution of the association; (2mks)
- Duly signed copies of the minutes of the meeting appointing the trustees and authorizing the application showing the people present and the votes scored; (2mks)
- The impression or drawing of the proposed common seal. Detail explanation. (2½mks).

QUESTION 2

- Administration of the Act including the regulation and supervision of the formation, incorporation, regulation, management and winding up of companies (2mks).
- Establishment and maintenance of Companies Registry and offices in all the states of the Federation (2mks).
- Conduct of investigation into the affairs of any company where the interest of the shareholders and the public so demand, and (2mks).
- Administration of the Business Names and Incorporated Trustees as provided for in Parts B and C of the Act (2mks).
- It performs other functions as may be specified by the Companies and Allied Matters Act (2mks).
- It undertakes any other activities as may be relevant to the execution of the provision of the Act.
- Definition of Corporate governance (2mks).
- Corporate governance in a nutshell is the processes and structures by which the business and affairs of Companies are directed and managed in order to improve long-term shareholder value by enhancing corporate performance and accountability, while taking into account the interest of other stakeholders. Corporate governance as a concept merely stressed the greater focus that should be paid on how a Company should be run by those put in charge of the Company’s affairs.

- The Code of Corporate Governance in Nigeria 2011 issued by the Securities and Exchange Commission and which became effective on 1st April, 2011 and applicable to all public companies registered in Nigeria. The Commission encourages other Companies not covered by the Code to use the principles set out in the Code, where appropriate, to guide them in the conduct of their affairs. The responsibility for ensuring compliance with or observance of the principles and provisions of this code is primarily with the Board of Directors. Public Companies shall in their Annual Report to Securities & Exchange Commission (SEC) indicate their level of compliance with the Code of Corporate Governance. Detail explanation (5½mks).

QUESTION 3

(1) Deco Nigeria Plc. has been in the business of producing; salt, sugar and flour profitably for over 10 years. However, it has now come to the light that certain wrongs are being committed against the company. Hence, such actions if left unchecked, could have the effect of crippling the company's operations across the various States of Nigeria where it has some degree of business activities ongoing. In view of these facts, you are required to provide answers to the following questions:

•

(a) State and explain the significance of the particular principle of law that requires other members of the company to sue in circumstances, when a wrong has been committed against a corporate entity, just as was captured in the above facts? (5.5Mks). **This question requires a succinct depiction of the Minority Protection Doctrine whilst due emphasis should be placed on the fundamental significance of the majority in managing the affairs of the corporate entity.**

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(b) Mention and elaborate on three (3) specific wrongs or breaches under the Companies and Allied Matters Act, 2004 (CAMA), that will necessitate the application of the principle you have explained in (a) above? (12 Mks, that is 4Mks for each point stated and explained)

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- Undertaking illegal business activities (4Mks)
- Acting Ultra-Vires and thus beyond the scope of stipulated powers (4Mks)

- Breaching procedures in executing corporate activity, such as in the number of votes or majority required to ratify corporate decisions (4Mks)
- If the circumstances are such that a company meeting cannot be called in time to remedy the wrong (4Mks)

QUESTION 4

4. (a) Critically explain the importance of the principle that requires incorporated companies to restrict their activities to the scope of their objects, bearing in mind the two main perspectives that have affected the application of this principle in specific respects? (5.5 Mks) This question centres on the essence of the doctrine of ultra vires which has been construed in a limited sense to matters expressly within the company's purview, as well in relation to matters which can be regarded as implied or incidental to the activities expressly captured within the company's objects.

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(b) Briefly discuss the significance of company law principles of; constructive notice to the operations of the corporate entity under the Companies and Allied Matters Act, 2004? (3 Mks) The underlying issue here is that third parties dealing with the corporate entity are deemed to have notice of corporate documents that are in the public domain irrespective of whether such has been expressly or specifically brought to their notice in the course of corporate engagement or interactions.

(c) State and discuss any three (3) instances that could lead to the veil of incorporation being lifted as established under the Companies and Allied Matters Act, 2004? (9 Mks, that is 3 Mks for each point stated and explained)

- To identify the actors behind the fraudulent activities which is not the legal contemplation of corporate entity and thus contrary to its registered objects. (3 Mks)
- Mis-description of the corporate intentions and objects of the company, thus misleading innocent third parties as to the legal and actual capabilities of the actors driving the activities of the corporate entity, and by implication that of the registered company. (3 Mks)
- In instances where membership falls below the required minimum of two, and which is contrary to the provision of the CAMA, 2004 in

respect of the numerical benchmarks to maintained for the formation and running the affairs of a company. **(3 Mks)**

QUESTION 5

5. A Director's duties are onerous and the responsibilities attached to his office are enormous. Yet he could be regarded as a mere puppet, since he can be removed without much ado by a superior power.

a. Discuss the duties of directors generally **(12.5 marks)**

b. What superior power may remove him, and how? **(5 marks)**

a. Discuss the duties of directors generally **(12.5 marks)**

- Define Director **(1 ½ mks)**
- The duties of directors are based are found in **S. 279**. The section provides as follows: **(2mks)**
- A director of a company stands in a fiduciary relationship towards the company and shall observe with utmost good faith towards the company in any transaction with it or on its behalf. **(1mk)**
- A director shall also owe fiduciary relationship with the company where he acts as agent of a particular shareholder or where even though he is not an agent of any a shareholder, such a shareholder or other person is dealing with the company's securities. **(1mk)**
- A director shall act at all times in what he believes to be the best interest of the company as a whole so as to preserve its assets, further its business, and promote the purpose for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skillful director would act in the circumstances. **(1mk)**
- The matters to which the directors of a company are to have regard in the company's employees in general, as well as the interest of its members. **(1mk)**
- Directors shall exercise their powers for the purpose for which they are specified and shall not do so for a collateral purpose; and the power, if exercised for the right purpose does not constitute a breach of the duty if it incidentally does not affect a member adversely. **(1mk)**
- A director shall not fetter his discretion to vote in a particular way. **(1mk)**

- Where a director is allowed to delegate his powers under any provisions of this Act, such a director shall not delegate the power in such a way and manner as may amount to an abdication of duty. **(1mk)**
- No provision, whether contained in the articles or resolutions of a company, or in any contract shall relieve any director from the duty to act in accordance with this section or relieve him from any liability incurred as a result of any breach of the duties conferred upon him under this section. **(1mk)**
- Any duty imposed on directors under this section shall be enforceable against the director by the company. **(1mk)**

b. What superior power may remove him, and how? (5 marks)

- Superior power is Company in General Meeting **S. 262 (1) (3 mks)**
- Removal method: Ordinary Resolution by a special notice **S. 262 (2) (2 mks)**

QUESTION 6

6. Using the Companies and Allied Matters Act, 2004 explain the following:

- a. Methods of Shares Acquisition
- b. Forms of Debenture
- c. Charges Securing a Debenture
- d. Company's Resolutions

a. Methods of Shares Acquisition

- By subscription: The subscribers to the memorandum and article of association of a company must hold at least one share **S.79 (1) and (3). (1 mk)**
- By purchase: Any person interested in investing in the share of a company may apply to the company for allotment of shares. Such an application is an offer to purchase shares of the company

- **S. 125 (a), (b) and (c). (1 mk)**
- **By transfer:** Shares may be transferred by one person to another subject to the provisions of the articles of association or statute where applicable. **S.115 (1 mk)**
- **By transmission:** Where a shareholder dies, the interest vest in the personal representatives by operation of law **S.155 (1)**. The production of evidence of probate of the will or letters of administration of the estate or confirmation as executor of deceased persons shall be accepted by the company as sufficient evidence of the grant **S.148. (1 mk)**

b. **Forms of Debenture**

- **Perpetual debenture: S.171** debentures which are irredeemable or redeemable only when a specified contingency occurs, or on the expiration of a given period. **(1 mk)**
- **Convertible debentures: S.172**, issued upon the terms that in lieu of repayment, they may at the option of the holder or the company be converted into shares in the company upon such terms as may be stated in the debentures documents. **(1 mk)**
- **Secured or naked debentures: S.173**, a secured debenture is one which is secured by a charge over the company's property. Naked or unsecured debentures are those over which no charge is created on the company's property or assets. **(1 mk)**
- **Redeemable debentures: S.174** are redeemable at the option of the company. **(1 mk)**
- **Bearer debenture:** debentures payable to the bearer. They qualify as negotiable instruments because they can be transferred and the transferee in good faith and for value takes them free from any defects in the title of a prior holder. **(1 mk)**

c. **Charges Securing a Debenture**

- **Fixed Charge:** where a specified property of the company has used to secure a loan. In this circumstance, the company may continue to

make use of the property in its normal course of business, but cannot deal with it without the prior consent of the debenture holder. **(2 mks)**

- **Floating Charge:** where there is an equitable charge on the company's asset the company is not precluded from dealing with its assets until repayment of the loan becomes due. When this happens, the charge is said to crystallize and becomes attached on the assets of the company.

S.178 (2mks)

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d. **Company's Resolutions**

- A resolution may be ordinary or special. **(½ mk)**
- **Ordinary resolution:** one which has been passed by a simple majority of votes cast by members of the company at a general meeting. A company may take a decision by an ordinary resolution at a general meeting unless the Act or the company's articles otherwise require. **(1½ mks)**
- **Special resolution:** passed by a majority of three-fourth of the votes of the members as being entitled to do so at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. **(1½ mks)**
- Special resolution is required for important matters such as: alteration of objects of the company, changing the name of the company, altering the articles, reduction of share capital, making liability of director unlimited, winding up a company etc. **(1mk)**



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TITLE OF EXAMINATION: B.Sc. EXAMINATION

COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCES

DEPARTMENT: BUSINESS MANAGEMENT

SESSION: 2015/2016

COURSE CODE: BUS 327

COURSE TITLE: RESEARCH METHODOLOGY

SEMESTER: OMEGA

CREDIT: 3UNIT

TIME: 3HOURS

INSTRUCTION: ANSWER ANY FOUR QUESTIONS

Q1a. Draft or choose a research topic (preferably, the topic previously selected and approved for you in class). (i) operationalize the topic (ii) Discuss the nature of literature reviewed on the topic (7.5marks).

Q1b. Until you go through the literature you cannot develop a theoretical framework and until you have developed a theoretical framework you cannot conclude your literature. Elucidate. (5marks).

Q1c. from the process of question 1a, you are required to present your research methodology, incorporating the following: (i) Research Methods (ii) Research Design (5marks)

Q2a. Differentiate between population and sample size (5marks)

Q2b. Identify and explain main sampling techniques available in research (7 marks)

Q2c. What are the factors responsible for the choice of different sampling techniques? (5.5marks)

Q3a. What is referencing? How is referencing different from citation and bibliography? (4 marks).

Q3b. Explain the format for referencing an article in a journal under the American Psychological Association (APA) style. (2marks)

Q3c. Give two example each for a single author, two authors and three authors (5 marks)

Q3d. Explain briefly the different method of data collection in research methods (6.5 marks)

Q4a. Choose a topic of your choice and write a note using the following steps:

- i. Introduction (2.5marks)
- ii. Statement of the problem (2.5marks)
- iii. Significance (2.5marks)
- iv. Methodology (2.5marks)
- v. Conclusion (2.5marks)

Q4b. List and explain five importance of literature review (5 marks)

Q5a. Define the term hypothesis (3 marks)

Q5b. List the various types of hypothesis in research methodology (3 marks)

Q5c. Explain the key roles of hypothesis in research methods (3marks)

Q5d. What is a variable in research? (3 marks)

Q5e. State the difference between dependent and independent variable (5.5 marks)

Q6a. There are basically two major sources of data collection; choose a topic and discuss in detail the two sources of collecting data. (7.5 marks)

Q6b. Write short notes on the following

- i. Reliability of research instrument (2marks)
- ii. Validity of research instrument (2marks)
- iii. Scaling (2 marks)
- iv. Operationalization of research variables (2 marks)
- v. SPSS (2 marks)



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DEPARTMENT: BUSINESS MANAGEMENT

SESSION: 2015/2016

SEMESTER: OMEGA

COURSE CODE: BUS 327

COURSE TITLE: RESEARCH METHODOLOGY

INSTRUCTION: **MARKING GUIDE**

Q1a. Students should be able to construct a good research topic, operationalize it by (showing the independent “X” and dependent “Y” variables) and ALSO discuss the nature of literature review for the topic chosen. Where this is correctly done, marks should be awarded with discretion across the written answers. (Total mark = 7.5)

Q1b. Here students should be able to discuss the relevance of literature review as it relates to giving insight into the entire research subject matter for direction and appropriate conceptual guide that presents the foundation of the research flow, highlighting on the past, present and anticipating the future of the research. All good research and writing is guided by a review of the relevant literature. Researcher’s literature review is the mechanism by which his or her research is viewed as a cumulative process. That makes it an integral component of the scientific process. (Total mark = 5)

Q1c. For a well presented research methods and research design, 2.5 marks should be awarded for each. (Total marks=5)

Q2a. A population can be defined as including all people or items with the characteristic one wishes to understand WHILE A sample is “a smaller (but hopefully representative) collection of units from a population used to determine truths about that population. A sample gives results with known accuracy that can be calculated mathematically leading to appropriate maximization of money and other resources that we cannot easily attain with a population. (5marks)

Q2b. There are two types of sampling techniques and they are; Probability sampling and Non probability sampling and each of these types are made up of;

(A) Probability sampling

(i) Simple random sampling

(ii) Systematic sampling

(iii) Stratified sampling

(iv) Cluster sampling

(B) Non probability sampling

(i) Convenience sampling

- viii. *Significance* (2.5marks)
- ix. *Methodology* (2.5marks)
- x. *Conclusion* (2.5marks)

Q4b. Five importance of literature review include:

- (i). **Definition of research problems:** Review of related literature helps the researcher to properly define or state his or her research problems so as to be focused on the topic chosen.
- (ii) **Variable identification:** Literature review will help a researcher to identify the important and unimportant variables that relate to the research topic.
- (iii) **Determination of the relationships between the variables:** It is important to know the relationships between the identified variables.
- (iv) **Historical trends of the topic:** Literature review helps a researcher to identify the past works that relate to the study.
- (v) **Structure of the research design:** Literature review helps a researcher to formulate the strategies and design the structure required to carry out the research for quick completion of the study.
- (vi) **Determination of the measuring instruments:** Review of relevant literature helps a research to determine the instruments necessary for the data collection.
- (vii) **Researcher's Focus:** Review of literature helps the researcher to be focused and determine the areas of limitation and delimitation of the study. (Any five should get 1 mark each total = 5marks)

Q5a. Hypotheses are testable propositions preferred by a researcher at the commencement of his or her research work. It may also be defined as tentative answer to a research problem (3 marks)

Q5b. Hypotheses may be classified as

- (i) Alternate Hypotheses or Inductive Hypotheses (1½ Marks for each correct answer)
- (ii) Null Hypotheses or Deductive Hypotheses (1½ Marks for each correct answer)

Q5c. Roles of Hypotheses include;

- (i) Guide researchers to envision expected
- (ii) Provide a link between theory and reality
- (iii) Guide in research design and data collection
- (iv) Stimulate researcher to different aspect of the study (1Mark for each correct answer total=3marks)

Q5d. A variable is a concept that take on different values or states or attributes. A variable is an object, event, idea, feeling, time period, or any other type of category you are trying to measure. There are two types of variables-independent and dependent (3 marks)

Q5e. **Independent variables** are variables that explain the outcome or values of the dependent variables. It is also known as explanatory variable. An independent variable is exactly what it sounds like. It is a variable that stands alone and isn't changed by the other variables you are trying to measure. For example, someone's age might be an independent variable. Other factors (such as what they eat, how much they go to school, how much television they watch) aren't going to change a person's age. In fact, when you are looking for some kind of relationship between variables you are trying to see if the independent variable causes some kind of change in the other variables, or dependent variables. (2.7marks)

(i). **Dependent variables are variables** whose values are determined by the behaviour or values of the independent variables. Just like an independent variable, a dependent variable is exactly what it sounds

like. It is something that depends on other factors. For example, a test score could be a dependent variable because it could change depending on several factors such as how much you studied, how much sleep you got the night before you took the test, or even how hungry you were when you took it. Usually when you are looking for a relationship between two things you are trying to find out what makes the dependent variable change the way it does. Their values or behaviours are explained by other variable. **(2.5 marks)**

Q6a. For a meaningful topic and discussion on the types **(Primary and Secondary)** of data collection **(7.5 marks)**

Q6b. for brief explanations of the required, each carry `

- vi. **Reliability of research instrument:** Reliability refers to the extent or degree to which the research instrument consistently measures what it intends to measure. In its everyday sense, reliability is the “consistency” or “repeatability” of the researcher’s measures. There are three methods of reliability measurement. They are the test retest method, alternative forms method and internal consistence measures which is further divided into the split half method and kruder Richardson method. **(2marks)**
- vii. **Validity of research instrument:** Validity is the ability of an instrument to measure the variable it is intended to measure. There are four types of validity for measuring instruments designed to collect data as seen in literature, they are; construct validity (the degree to which a test measures what it claims, or purports, to be measuring), content validity (the extent to which a measure represents all facets of a given social construct), predictive validity (the extent to which a score on a scale or test predicts scores on some criterion measure) and concurrent validity (type of evidence that can be gathered to defend the use of a test for predicting other outcomes), to know whether or not the data has been manipulated or if what is being measured truly reflects the concept that it assumes to measure. **(2marks)**
- viii. **Scaling :** A scale is basically a continuous spectrum or series of categories and has been defined as any series of items that are arranged progressively according to value or magnitude, into which an item can be placed according to its quantification. There are Primary scales and secondary scales. Appropriate scale must be employed to measure appropriate data. The four popular basic scale in business research are: Nominal scale, Ordinal scale, Interval scale, Ratio scale. **(2 marks)**
- i. **Operationalization of research variables:** Operationalization is turning the research topic into equations, Assigning variables to them to represent the major constructs of the topic. **(2 marks)**
- ii. SPSS - statistical package for social sciences. **(2 marks)**



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TITLE OF EXAMINATION: B.Sc EXAMINATION

COLLEGE: BUSINESS & SOCIAL SCIENCES

DEPARTMENT: BUSINESS MANAGEMENT

SESSION: 2015/2016 SEMESTER: OMEGA

COURSE CODE: BUS329 CREDIT UNIT: 2

COURSE TITLE: INDUSTRIAL TRAINING AND PRATICAL BUSINESS

INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER 2 TIME: 2 HOURS

1. You have been asked to explain the basic elements of a sound business plan to your friend, who is considering starting a new business. What elements would you recommend to him to he include in his business plan? (24 marks).

2. Hudson's Case Dilemma

Bill Hudson was a real craftsman when it came to being a machinist. Bill had learned almost all that he knew from Hugo Huffman, his first and only employer. Bill Hudson was married and had three young children. He was 33 years old and had worked for Hugo ever since he finished his tour in the army. In 12 years, Bill had polished his skills under the watchful and critical eye of Hugo Huffman. Hugo was quick to recognize Bill's talent for the trade. Bill had a positive attitude about learning and displayed a drive for perfection that Hugo admired.

Hugo's Machine Shop was a successful small business. Its success was based mostly on the reputation for quality that had been established over its 42 years in operation. Hugo had come to this country with his new wife, Hilda, when he was in his late twenties. Now the business was a success, but Hugo remembered the early years when he and Hilda had to struggle. Hugo wanted the business to continue to produce the highest quality craftsman products possible. On a Friday evening, he called Bill into his office at closing time, poured him a cup of half-day-old coffee, and began to talk with him about the future.

"Bill, Hilda and I are getting old and I want to retire. It has been 42 years of fun but these old hands need a rest. In short, Hilda and I would like you to buy the business. We both feel that your heart is in this craft and that you would always retain the quality that we have stood for." Bill was taken back by the offer. He, of course, knew Hugo was getting older, but had no idea Hugo would retire. Bill and his wife, Anna, had only \$4,200 in the bank. Most of Bill's salary went for the normal costs of rearing three children. Hugo knew Bill did not have the money to buy the business in cash, but he was willing to take a portion of the profits for the next 15 years and a modest initial investment from Bill.

Bill had, for the past four years, made most of the technical decisions in the shop. Bill knew the customers and was well respected by the employees. He had never been involved in the business

side of the operation. He was a high school graduate but had never taken business courses. Bill was told by Hugo that even after deducting the percentage of the profits he would owe under the sales agreement, he would be able to almost double his annual earnings. Bill would have to take on all the business functions himself because Anna had no business training either.

Questions:

(a). What entrepreneurial characteristics does Bill have that may be important to his success? (3 Marks).

(b). What characteristic could lead to his failure? (10 Marks)

(c). If you are Bill, what will you do and why. Explain your decision in detail. (10 Marks).

3. (a). Discuss the role that the following groups are playing in leading the ongoing surge in entrepreneurial activity: women, Immigrants, home-based entrepreneurs, and family businesses. (13 marks).

(b). Explain at least two functions or purposes of preparing a business plan. (10 Marks).

4. (a). Assume that you are a consultant to a small independent hardware store in a town where a retail giant such as Wal-Mart, Shop Rite, or Just Rite is about to open. The large retailer sells many of the same items the small hardware store sells, but at lower prices. What advice would you offer the owner concerning the hardware store's strategy? Explain. (13 marks)

5.

(b). What is strategic management? What role does a strategic plan play in a small company? (10 Marks).

5. Outline and discuss in details various advantages and disadvantages of different forms of business ownership (23 marks).