

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY, 2009

TITLE OF PAPER : FOUNDATION OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

COURSE CODE : BA 00I

TIME ALLOWED : TWO (2) HOURS

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)
 - (2) THE PAPER CONSISTS OF SECTION A AND SECTION B.
 - (3) ANSWER THE QUESTION IN SECTION A WHICH IS COMPULSORY AND ANY THREE (3) QUESTIONS IN SECTION B.
 - (4) THE MARKS ALLOTTED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.
 - (5) WHERE APPLICABLE, ALL WORKINGS / CALCULATIONS MUST BE CLEARLY SHOWN.

NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY, AND PRESENTATION OF WORK.

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

GOOD LUCK !!!

SECTION A: COMPULSORY

QUESTION 1; Read the case and answer the questions below:

CASE: MAIZE MILLING OPERATIONS

Luhlanga Pty Ltd was founded in January 2009 and is yet to be legally registered. The business is solely owned by Ms. Dlamini of Ludzeludze in the Manzini region. The purpose of the business is to provide commercial scale maize milling operations that will enable Ludzeludze residents to process their maize into fine quality white maize meal which is a staple food in Swaziland.

The proposed milling project is expected to be commercially viable based on its readily available market and its close proximity to potential customers as well as the availability of large volumes of dry maize given that the country has had a bumper harvest in the recent planting season. She also intends to sell empty maize bags and the milling by product, hominy chop. The company will continue to seek other business opportunities that may be compatible with milling.

In order to make the dream come true, the company requires the bank to finance the construction of the mill shed, the purchase of the hammermill from Sidvokodvo wholesalers, the connection of electricity and other expenses. Although there are other millers in Ludzeludze, Luhlanga intends to produce a high quality product at a reasonable price. A long term plan is to venture into packaging of maize meal, mealie rice and samp by buying maize in bulk from local farmers and processing it. The products shall be sold to local grocery shops and Ms. Dlamini's vision is to eventually supply large supermarkets and wholesalers.

The mill is located near the RDA centre near the main road at Ludzeludze and there is a road sign labeled with the word "SIGAYO"

(HAMMERMILL) and an arrow pointing in the right direction , located at the road junction next to the business.

Questions:

- (a) How can Ms. Dlamini increase the services provided using the product mix concept) (15 marks)
- (b) What do you think of the promotional strategy; how should it be improved? What should be the objectives of her promotional strategy? (25 marks)

SECTION B

Answer any three (3) questions from this section.

QUESTION 2

Discuss the main functions of an enterprise and demonstrate how their application would contribute to the achievement of the overall objective of an enterprise. (20 marks)

QUESTION 3

As a prospective entrepreneur, briefly explain how you would apply the **five broad approaches** in order to successfully generate small business ideas. Give examples. (20 marks)

QUESTION 4

Consumer products generally follow certain types of distribution channels. Explain the various distribution channels that might be used by a small business enterprise producing consumer goods.

(20 marks)

QUESTION 5

The size and influence of small business enterprises can be a disadvantage when it comes to obtaining finance. Discuss the typical problems experienced by small business entrepreneurs when approaching potential suppliers of finance.

(20 marks)