

UNIVERSITY OF SWAZILAND
DEPARTMENT OF ELECTRICAL AND ELECTRONIC ENGINEERING
MAIN EXAMINATION
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TITLE OF PAPER: Entrepreneurship

COURSE NUMBER: EE511

TIME ALLOWED: Three (3) hours

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDIES SECTION (A) ARE COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

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

GOOD LUCK!

SECTION A

Section A (1)

Mr. Paul Tshabalala started a butchery business in Manzini called Indlamu butcheries, and realized that there is intense competition in as there are many similar businesses in the town including supermarkets which have their own meat supply sections as well. He decided to stage a never seen before promotion campaign for his business. Firstly he staged a huge launch in Manzini that included a roadshow featuring Swaziland Radio Broadcasters, the most famous dancing troupe in the country and a brass band with drum majorettes performing. He further bought advertising space on the local television station, and full pages on the two local daily newspapers, the Times of Swaziland and the Swazi Observer. He bought and installed a big billboard in the centre of town featuring an advertisement, and developed a website for Indlamu Butcheries.

Questions

- (a) Do you think the advertising campaign is appropriate for the business? Give reasons for your answer by analysing each of the advertising avenues for appropriateness. (10 marks)
- (b) Suggest five possible suitable methods for promoting the business. Explain why you think your selected method is more appropriate. (10 marks)

Section A (2)

The main attraction of Pep Stores is price', says Basil Weyers, managing director of Pep Stores. 'We sell consistently at low prices. We never have a sale. Our goods are offered every day at sale prices. We offer value for money.' Pep Stores has a very low mark-up and is proud of its claim that it is the cheapest store in town. Pep has a uniform pricing policy which ensures that an item will cost the same at any Pep store. Pep's policy is to sell quality products at a low price to the lower-income group. But just how does Pep succeed in offering continuously low prices? There are a number of contributing factors, some of which are listed below:

- Volume bargaining power.
- Lean management structure.
- Simplified systems and tight cost controls.
- Pep is a cash store, which eliminates bad debts and lost interest or outstanding payments. To help the consumer lacking the necessary purchasing power, Pep has a lay—by system and also accepts credit cards.
- Pep owns some of its suppliers, making cost and quality control easier.
- The staff is small but very well trained, which makes staff members effective and productive.
- The outlets are small and relatively simple. Pep is saving by curbing stock losses.

Any competitor thinking of competing against Pep will have to consider the above achievements carefully

Questions

- (a) Describe the factors that have affected the pricing followed by Pep? (10 marks)

(b) What are the pricing objectives that have been adopted by Pep? (10 marks)

SECTION B

Question 1

As an entrepreneur you should know that your business cannot exist in isolation. Its activities are influenced by certain controllable and non-controllable variables. These variables occur in the environment in which the business operates and can present opportunities or threats to the business. The external environment of a business consists of the market and macro environments. Discuss the kinds of markets that can be found in the market environment and the forces or variables found in the macro environment (20 marks)

Question 2

In order to deliver the business product or service, the entrepreneur needs raw material and other resources. This is the responsibility of the purchasing function. The purchasing function must be based on objectives that form the fundamental principles around which the activities of the purchasing function are organized. List and explain the broad long term objectives of the purchasing function

Question 3

A good idea seldom comes out of the blue as an inspiration. As a prospective entrepreneur, you must deliberately look creatively for ideas that can be converted into a small business. In your search, you can make use of certain techniques. You also need to know where to look for inspiration. Discuss some of the techniques for generating business ideas and identify some of the sources of business ideas. (20 marks)

Question 4

Small businesses have certain advantages when compared to big businesses (for example, building strong personal relationships and networks). But the size and influence of the small business can also be a disadvantage when it comes to obtaining finance. Explain the problems typically experienced by small business entrepreneurs in their quest for the right sources and forms of finance. (20 marks)