

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION PAPER

2010

TITLE OF PAPER : FOUNDATION OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

COURSE CODE : BA 001

TIME ALLOWED : TWO (2) HOURS

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)
 - (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: THE GRAMEEN BANK.**

The idea of Mr. Yunus's bank came to him 20 years before, when he visited one of Bangladesh's desperately poor villages. It was obvious to him that the village people, especially the women, needed finance to start their own businesses, and it was just as obvious that they were not going to get loans from conventional banking institutions. So Mr. Yunus started Grameen Bank to provide small loans for micro-enterprises.

The bank grew impressively. Its loan volume for 1994 was \$400-million. For 1995, it was expected to rise to \$500-million. Small loans had been made to two million families in 35 000 villages in Bangladesh, incredible numbers by any standard. Besides the impressive numbers of customers, the repayment rate of over 90% is remarkable. Mr. Yunus's faith in the credit-worthiness of the poor was well founded.

The concept has been taken up in Latin America, Africa and Asia. The idea started with groups of five women who would each receive loans and guarantee repayment of each other's loan. One might buy a duck to sell the eggs, another sew cloth to make clothes, and another shape bamboo to make chairs. 'Someone had to demonstrate that it really works,' Mr. Yunus had said. He did just that- and the whole world noticed.

Questions:

- (a) How did Mr. Yunus get the idea to start Grameen Bank?[5 marks]
- (b) What role do you think creativity and innovation played for Mr. Yunus in developing his idea? List the ways in which creativity and innovation are expressed. [20marks]
- (c) In cultivating a creative attitude, what other methods Yunus could have used to improve his creativity? [15 marks]

[Total marks 40]

SECTION B

Answer any three (3) questions from this section.

QUESTION 2

- (a) While Mr. Khumalo, a small business entrepreneur, is fully aware that promotion also deals with communication, he is planning a promotional campaign for his new product. He has approached you for assistance in setting up promotional objectives to enhance this campaign. As a consultant in Product Promotion, advise how you would assist. [10 marks]
- (b) What factors would you consider in deciding on a promotion mix? [10 marks]
- [Total marks 20]**

QUESTION 3

- (a) Industrial products used in the production of services or other products generally follow different types of distribution channels. Discuss and give examples. [10 marks]
- (b) What are the factors affecting the selection of a distribution channel? [10 marks]

[Total marks 20]

QUESTION 4

- (a) As a small business entrepreneur, you have restructured your Information and Technology system and further appointed employees to run the new system. You however, realize the urgent need to train these new recruits. How would you conduct the training process to ensure effectiveness? [15marks]

- (b) Explain the difference between training and development of employees [5 marks]

[Total marks 20]

QUESTION 5

Discuss the forms and sources of finance that are relevant to the small business sector. [20 marks]