

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION, DECEMBER 2012

TITLE OF PAPER: Entrepreneurship Theory
DEGREE : Bachelor of Commerce
COURSE NUMBER: FT/IDE: BA 304/404
TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION (A) IS 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

The Man's Best Friend (MBF) pet shop franchise was started by Phillip Simelane, a veterinarian working in Manzini. He started the first shop in Riverstone Mall, a new shopping centre in Manzini, which was situated near his practice. Although Phillip sold cat and dog food at his practice, customers were only able to make purchases at his practice during the practice's open hours. To give his customers more convenient access, he decided to start a shop to sell his pet food. The name of the shop, MBF was the result of a family discussion. Although the shop sold all brands of pet food, it specialized in the high quality brands that sold for much higher prices. In addition, MFB sold food for all pet types as well as pet related products and gifts. Within three months, the shop broke even and two months later its profits began to soar. Phillip decided to open two more MFB shops, one in Ezulwini Gables shopping mall, and the other in Mbabane. Phillip's wife Thoko became involved in the day to day management of the three shops while he ran his growing veterinary practice.

Phillip and Thoko want to expand and have had requests from developers in other areas in Manzini, Ezulwini, Mbabane and even Piggs Peak, to open an MFB pet shop. However, Thoko feels that opening three more shops will add to her already heavy workload and that she would not be able to effectively control all aspects of the three additional shops. She and Phillip sat down and decided to investigate the possibility of expanding MFB by turning it into a franchise. Thoko was a lecturer at the University of Limpopo before she became a full time manager of MFB. With her knowledge of teaching and developing teaching manuals she would be able to develop training manuals and other documents required in expanding MFB into a franchise system. One matter that always frustrated Thoko is recruiting the right staff and identifying staff members that could be trained to become managers in the three existing shops. She feels that she could use these skills to train and support the owners of the franchise outlets of MFB and would be able to recruit staff to help her in this function

Questions

- (a) What are the steps that Phillip and Thoko would have to follow to develop MBF into a franchise system? **(10 marks)**
- (b) Phillip and Thoko would like to know the benefits they would gain from franchising MBF. **(20 marks)**
- (c) What documents should be included in the package that they should provide to prospective franchisees? Describe the information should be included in each of these documents **(10 marks)**

SECTION B

Question 1

“Artists are the only creative beings” Do you believe this statement? Give two reasons for your answer. Further discuss five techniques that one can utilize to enhance ones creativity and innovative capability. **(20 marks)**

Question 2

Corporate entrepreneurship is a term that is used to describe entrepreneurial activity within an existing organization. It is important for organizations to create a climate that encourages and promotes corporate entrepreneurship. Discuss the methods by which corporate organizations can foster an entrepreneurial culture amongst employees. **(20 marks)**

Question 3

Young people wishing to engage in entrepreneurial activities face specific and unique challenges. Identify these challenges and discuss some of the strategies that can be employed to address young peoples' challenges in the business world. **(20 marks)**

Question 4

Access to finance is the most cited reason for low entrepreneurial activity in Swaziland. Venture capital is one of the methods by which access to finance for business start-ups can be improved. Define venture capital and discuss the types of firms or institutions that normally provide this type of financing. **(20 marks)**