

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY, 2014

TITLE OF PAPER : FOUNDATION OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

COURSE CODE : BA 00I

TIME ALLOWED : THREE (3) 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.

SECTION A: COMPULSORY**Question 1:**

Read the case and answer the questions below:

CASE: The main attractions at Pep Stores.

'The main attraction at Pep Stores is price', says Basil Weyers, managing director of Pep Stores. 'We sell consistently at low prices. We offer value for money.' Pep store 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 how does Pep succeed in offering continuously low prices? There are a number of contributing factors, some of which are listed below:-

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

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

Questions:-

- (a) What factors have affected the pricing followed by Pep? **[10 marks]**
- (b) If Pep were to consider adopting **Customer- oriented pricing approach**, explain the various pricing methods available in this area that you have learned. **[20 marks]**
- (c) Explain the **three** pricing options available under **Pricing relative to competition** **[6 marks]**

(d) What is Pep policy towards credit? [4 marks]

Total marks [40 marks]

SECTION B

Answer any three (3) questions from this section.

Question 2

Industrial products used in the production of services or other products generally follow four types of common distribution channels. Illustrate and discuss with examples. [20 marks]

Question 3

Briefly describe the eight functions of a business/enterprise [20 marks]

Question 4

Selecting the most appropriate advertising media presents a challenge, especially for small businesses with limited budget. What are the factors that are likely to influence the choice of media? [20 marks]

Question 5 As a prospective entrepreneur, explain the important personal characteristics of entrepreneurs you have to adopt in order to be successful? [20 marks]

Question 6

In dealing with objectives of promotion and communicating with your market, discuss the three objectives of communication and further list common examples of promotional objectives under each [20 marks]