

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**SUPPLEMENTARY EXAMINATION PAPER**

**JULY, 2014**

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- 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: NATURALLY KINKY COMPANY**

The Naturally Kinky Company was formed in response to the rapidly growing demand for hair products. The initial focus was in the urban areas of Mbabane and Manzini. It was aimed at the younger sectors of the market. This was in recognition of the growing disposable income and spending power of young women due to increasing literacy rates. Furthermore, the rapid technological advancements in communications such as the advent of television and magazines, resulted in exposure to international markets, particularly the influence of Black Americans hairstyles.

In selecting the target market, Naturally Kinky focused on urban black females aged 18 to 35 years in the middle and higher income groups, with at least a secondary school education. Research revealed that consumers were looking for effective products but the emphasis was on a statement of image and the feeling that comes with a sophisticated hair style, the need for manageable hair, and the need to retain the ethnic look.

In developing the product, considerations included the fact that black hair is fragile and dry. It is kinky, very curly and unmanageable in its natural state. Straightening and continuous moisturizing was essential. The concept developed by naturally Kinky was a product that satisfied the customers desire for a sophisticated, curly but not kinky look. The curly perm was born. The product consisted of a hair chemical and moisturizer to be applied daily to maintain the processed curls.

In branding and packaging the product, a decidedly ethnic brand name and logo was selected. Packaging of the products was fairly standard. The focus was on colours which were distinctively bright and bold, in black and white. The perm was very popular for a few years in the 80s, after which it faded away in favour of straight perms. Naturally Kinky was also successful for those years and eventually went out of business in 1988.

**Questions:**

- (a) Discuss the product decisions of the perm product by Naturally Kinky over the cycle of the product and how its demise could have been avoided. **[20 marks]**

- (b) Naturally Kinky focused on colours in their product branding and packaging strategy. Discuss the guidelines behind the selected brand name and packaging styles.

[20 marks]

**Total marks [40 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**

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 4**

Briefly discuss the following forms of enterprise that are suitable for small business enterprises including their advantages and limitations:-

(a) Sole Proprietorship

(b) Partnership

[20 marks]

### **QUESTION 5**

Briefly discuss the various forms of enterprise that are suitable for small business enterprises

[20 marks]

### **QUESTION 6**

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]