

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**SUPPLEMENTARY EXAMINATION**  
**ACADEMIC YEAR 2013/14**

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**TITLE OF PAPER:** Theory of Entrepreneurship

**DEGREE :** B.Com

**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

When Mandla Nxumalo failed his second year of his Medical Studies degree it became evident to his parents that their dream of having a doctor in the family would not be realized. When he refused to go back to University for a different program, they were at a loss regarding his chances of being gainfully employed and how they could support him in establishing a career in life. Much to his mother's disappointment, he spent his time in bars and nevertheless, persuaded his parents to lend him money to start a liquor outlet near his former university. This move was not well received by his community, and especially not by his mother's church friends. All the extended family members advised his father against lending him money for this venture as he was viewed as a lazy person, after having failed at university, and spending all his time in bars. His parents were really worried about the neighbours' reaction if he were to fail in what everyone perceived as his latest scam. The father worried that everyone would say we told you so.

His bank was also not convinced of the feasibility of the business idea on the basis that university students buying power was inadequate to support the business and refused to lend him money. In addition, he did not have any assets to offer as collateral at his age. The whole situation became worse when he decided to start a catering company as well. His dad enquired what a boy knew about catering anyway.

Mandla began to doubt himself where he had previously been very confident about his business ideas. He began to see loopholes in his own ideas and suspected that he could not logically achieve what he had set out to do. He eliminated the catering business because he was not a hundred per cent sure that he could implement it and focussed only on the liquor outlet. However, his business became so successful that he ended up winning the Young Business Award of the year.

### Questions

- a. Describe and discuss the barriers to Mandla's creativity as he sought to establish his businesses **(20 marks)**
- b. Explain some of the causes for such pessimism towards independent creativity in our society. **(10 marks)**
- c. What are the benefits of operating a business as opposed to wage employment? **(10 marks)**

**SECTION B**

1. Family businesses comprise more than 80% of the SME businesses in Swaziland. They are a distinct category with unique characteristics, strengths, challenges and motivational factors which need to be recognized and addressed by policymakers. Discuss the distinguishing features of family businesses and some of the challenges they face that are unique and specific to them. **(20 marks)**
2. You wish to start an agro-processing business in Swaziland. Describe the finance options available and potential sources of funding. Which are the most suitable and why? **(20 marks)**
3. "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)**
4. 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)**