

UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
MAIN EXAMINATION  
NOVEMBER 2017

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TITLE OF PAPER : ENTREPRENEURSHIP

DEGREE : B.COMM

COURSE CODE : BUS 303

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)  
2. THE CASE STUDY ON SECTION (A) IS COMPULSORY. TOTAL MARKS POSSIBLE: 40 MARKS  
3. ANSWER ANY THREE QUESTIONS FROM SECTION (B): TOTAL MARKS POSSIBLE: 60 MARKS

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR HAS GRANTED PERMISSION

## SECTION A

When the Swaziland Development Bank assesses a company that has applied for development finance, it looks at the qualities of the entrepreneur who runs the business. Mr. Peter Mabuza can lay claim to being a winner, as he showed when his company, Mshabalala Engineering Systems (MES) was named entrepreneur of the year by the Federation of Employers and Chamber of Commerce. Mr. Mabuza, an engineer turned entrepreneur, has built up the business from a workforce of three people to sixty. It has produced products that are as good or even better than international competitors products. The company produces chains that are used for machines that give just the right amount of food for feeding poultry and pigs. It exports up to 97% of its products to 37 countries, and it competes in this market with manufacturers based in the USA, Taiwan and the Far East.

Becoming successful took hard work, a clear plan and determination. Kuhn, who graduated as a manufacturing engineer at a University in South Africa, always had a passion for manufacturing something. This emanated from a childhood spent in his father's garage where his dad was always tinkering with one or another outlandish new idea for vehicle spare parts. His first job as a consultant at Du Pont Steel exposed him to the development of various steel products. After three years, he sold his part of the consultancy to start his own. He used his money to find out what products he could manufacture to replace products bought from overseas.

After considering a few ideas, he spoke to farmers who told him about expensive equipment imported from overseas and used to make machines for feeding poultry. After that, they went through the whole process again to identify the right materials and experimented with various steels before settling on the right ones. He then concentrated on the market place. He went to poultry shows around the world to decide whether there was potential to export them. He began manufacturing in 2008. MES's first exports were to Mozambique. Two months later, they exported to RSA, which was a major breakthrough. The company now manufactures 2,000 kilometers of chain systems annually. In addition, it has developed other products for the pig feeding market. In the early stages, they experienced problems with the complexity of developing the equipment. It was something they could not go out and buy. Mr. Mabuza had to rely on his own skills to manufacture the machine tools himself. As a qualified engineer, he never thought he would be spending days and nights in overalls and gumboots. He had thought he would only be sketching designs and attending meetings. The company only achieved top quality production after 3 years from establishment.

### Questions

1. Discuss the characteristics in Mr. Mabusas background that influenced his career as an entrepreneur. (20 marks)
2. What are the benefits and drawbacks for Mr. Mabuza in becoming an entrepreneur? (10 marks)
3. Discuss Mr. Mabuza's risk appetite as evidenced by his decisions as he conducts his business. To what extent is he a risk taker? Give reasons for your response. (10 marks)

## SECTION B

### Question 1

The role of entrepreneurship has never been more prominent as it is today in Swaziland. The country is at crossroads, where wage employment is poised to decline dramatically in the next few years as the Government reduces its recurrent expenditure as part of the Fiscal Adjustment Initiative, which is required to mitigate financial pressure emanating from the loss of the SACU revenue. The country's leaders are calling for entrepreneurial strategies to absorb excess labour and curb unemployment. Is it realistic to expect the business sector to cure the economic ills that shall result from the Initiative? What barriers shall people face as they venture into entrepreneurship in Swaziland? (20 marks)

### Question 2

Some say one is either born with creative talent or never have it. Is this true? How can one cultivate the creative capabilities that are so necessary in order to innovate continuously in ones businesses for success and competitiveness? ( 20 marks)

### Question 3

Networks play an important role in motivating aspiring entrepreneurs into starting and staying in business. Discuss the different types of networks available and explain their benefits using examples (20 marks)

### Question 4

Franchising provides an alternative way to start a business using a proven formula. Discuss the benefits of franchising to both the buyer of a franchise and the seller. (20 marks)