

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION
NOVEMBER 2018

TITLE OF PAPER : **ENTREPRENEURSHIP**

DEGREE : **B.COMM**

COURSE CODE : **BUS 303 / BA404**

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**

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SECTION A (COMPULSORY)

Question 1

An heir for a business at Langeni security services: a mere passing of the baton??

After tolerating years of conflicts and problems in the family business as a young man, Dumisa Dlamini decided to start his own business to avoid further conflict from his siblings and parents. To avoid the re-occurrence of these problems in his own business, he declined the request from his eldest son to work in the family business, Langeni Security Services. He kept his business separate from his family life as he did not want to lose the emotional bonds he had with his family to business related confrontations and squabbles. However, things were getting more demanding for Dumisa as he was growing older and weaker. Competition was also increasing as the security industry grew and new methods of doing business emerged. Therefore, despite his reluctance to involve his sons in the management of the company, he found himself without any other choice.

Langeni Security services was established in 2000 with only 12 security guards and has since grown to 80 guards. Legally, the business is owned by Dumisa and his two sons, and it offers site and residential house guarding, patrolling services, debt recovery services, private investigator, security services to companies and well as to departmental stores and shopping complexes. The company management comprised Dumisa and the founder and Muzi the eldest son as the company Managing Director who oversaw the entire management of the company and directly managed business operations, whilst his younger son, Sakhile was the Assistant Manager responsible for the administration, accounts and human resource management.

Dumisa was aware of the sibling rivalry between his sons. Allegations of unequal workload distribution and unfair equity sharing were common and resulted in confrontations during family gatherings. Dumisa was known to be someone who was very stern and a man of integrity, intolerant of slackers and rebellious employees. However he himself noted that “when a business involves blood relatives, even though conflicts occur, it is necessary to find a way to resolve those conflicts because one cannot easily fire a family member...”

Muzi entered the family business when he was 15 years old, whereupon he worked as a part time security guard and administrative clerk during school holidays. Muzi was known to be very rebellious and he and Dumisa were always at loggerheads. However he was his father's favourite as well and was very loyal to his father, and would never allow anyone to take advantage of him. When he finished school he studied Hotel Management and was encouraged by the family to pursue his own career path outside the family business. Sakhile, the second son got involved in the business after he completed his high school. After Muzi left for college, Dumisa began relying more on Sakhile to handle the administration of the business. Sakhile was an introvert who hardly talked back to his father. However he told his mother and sister that he felt his father was too controlling and too intolerant of his mistakes, and often did not bother to pay him his salary, but continued to give him an allowance as before he started working in the business. He was also not sure of what the father expected of him as he sent him to work in a different department every week. His mother in turn related this to her husband, resulting in tension in the household. Sakhile was young and inexperienced, having joined the business later in life than Muzi.

In view of all these problems and Dumisas progressing physical infirmities resulting from old age, the business long term future prospects were discussed by the family during dinner. Muzi who remained passionate about the security business offered to take over the reins from his father as the Managing Director of the company and Sakhile would assist him as he learned more about the business. In the following year, the company grew to 120 security guards as they gained additional market share due to a website and page on social media introduced by Muzi and Sakhile which Dumisa had previously not allowed them to do. Despite their mother's protests, they were also able to reduce the number of family distant relatives who were hired by Dumisa to appease their grandparents. These relatives were lazy and often did not show up for work citing family commitments that the business was expected to understand and appreciate. Instead, they hired a non-family member who was a technological whiz kid to assist in keeping up with new technology in the industry. Muzi also introduced salary scales that were applicable both to family and non-family members. When the company made a 50 percent increase in profit on the following year, it coincided with Dumisas 65th birthday and a huge party was held in his honour.

(Adapted from: Yeoh Khar Kheng, Sethela June, Shaik Dawood Raja Mohamed (2015) “An Heir for a Business at Kurniawan Security: a Mere Passing of the Baton” Emerald Emerging Markets Case Studies. Vol 5 Issue 5 pp1-9)

Questions

- (i) Discuss the unique dynamics of family businesses drawing examples from the case study (10 marks)
- (ii) What were the advantages enjoyed by Langeni Securities as a family business compared to non-family businesses (20 marks)
- (iii) Discuss some of the challenges the business experienced due to its nature as a family business

SECTION B

Question 2

Successful entrepreneurs tend to exhibit specific unique characteristics that are associated with their propensity to succeed. However, in addition to these traits, there are certain factors in the environment that also predispose people towards entrepreneurial behaviour. Discuss these factors and use examples to analyse them in the context of the Eswatini environment. (20 marks)

Question 3

Franchising provides an opportunity to start a business through a proven business formula, increasing the chances of business success for new entrants. However it is not without its pitfalls. Discuss how one should evaluate a franchise offer to avoid problems and ensure that it is a worthwhile venture. (20 marks)

Question 4

Aspiring entrepreneurs are always challenged by lack of funds to start their businesses. Discuss the possible sources of funds for businesses. (20 marks)

Question 5

Swaziland is a small open economy with a very small domestic market which limits business expansion. Entrepreneurs are encouraged to expand internationally in order to mitigate this challenge. Discuss the methods by which businesses can enter international markets and the factors they need to evaluate when they consider entering these foreign markets. (20 marks)