

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
RE-SIT EXAMINATION
JANUARY 2020

TITLE OF PAPER: ENTREPRENEURSHIP

COURSE CODE: BUS 303/BA403

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

Question 1

Read the following case carefully and answer the questions below:

The career of Sir Clive Sinclair has sometimes highlighted the distinction between invention and innovation. It is said that the British have been prolific inventors but often failed to take their new ideas to the market place. Sinclair left school aged 17, with only modest qualifications, starting work as a technical journalist writing handbooks for the electronic hobbyist. In 1962, he started a company, Sinclair Radionics, selling amplified kits by mail order. It was Sinclair's innovation of cheap pocket calculators that first brought him industrial fame as his company became the UK market leader. Diversifying quickly into digital watches, pocket television sets and digital metering equipment, Sinclair Radionics ran into financial difficulties and Sinclair left.

His innovative genius soon found another outlet when in 1980 his new company, Sinclair Research launched the ZX81, the expensive home computer that temporarily gave Europe worldwide leadership in this market by selling over 1 million units in the first 18 months. Sinclair soon added the equally successful Spectrum and the more sophisticated QL to the range. The business suffered from a period of bad publicity over delivery delays, followed by a downturn in the home computer market in 1985.

Sinclair's reaction was typical – another invention, the C5 electric car. The marketing philosophy of the C5 was based on the same principles as his earlier innovations of turning technologically advanced but expensive products into something that could be afforded by mass markets. This time he misjudged the market and the C5 was a financial disaster, forcing Sinclair to sell off his computer assets to Amstrad. His inventiveness and innovations did not stop there. In 1987, his new business Cambridge Computer Company launched an early exportable portable computer, the Z88. In 2006, Sinclair's company launched the "A-Bike", which claimed to be the lightest folding bicycle in the world, to mixed reviews ('fabulous folder but almost un-rideable'). In 2015, he successfully used Kickstarter crowdfunding to launch an electric version, the A-Bike Electric.

Question 1

- (a) Analyse the factors that motivated Sir Clive Sinclair to be successively and continuously innovative. (15 marks)
- (b) Sir Clive encountered various challenges in each of his innovation endeavours. Describe these challenges and give your opinion of the possible reasons why they arose. (15 marks)
- (c) Is there evidence from the case study of the assertion that the British are more of inventors than innovators? Explain. (10 marks)

SECTION B

Question 2

Informal risk capital market consists of wealthy individual investors (business angels) looking for equity type investment opportunities, usually funding the start-up stage. Explain why potential SMEs would approach a business angel instead of a bank for funding. Further

discuss the characteristics of these business angels. (20 marks)

Question 3

The country of Eswatini has a small population of just over a million people and consequently a small domestic market. Enterprises wishing to expand their market base need to consider expanding across the borders. To do this, entrepreneurs need to consider the mode or method of internationalization of the business and the business environment of foreign countries. Describe the various methods of doing business internationally and the business environmental factors to consider. (20 marks)

Question 4

A new business begins with an idea that eventually crystalizes into a business. Business ideas are obtainable from various sources in our environment, however there are formal methods of generating business ideas particularly in a group setting. Discuss these method of generating business ideas using examples.

Question 5

In Eswatini unemployment levels among young people are extremely high and prospects of improvement in the wage employment sector are bleak. Young people are being encouraged and channelled towards self-employment and several programs have been initiated towards this agenda. However there are a significant number of challenges specific to youth entrepreneurship that need to be addressed. Identify these challenges and make recommendations on how they can be resolved. (20 marks)