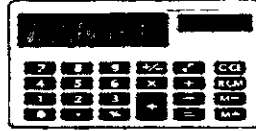


UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMENS

**UNISA** |   
university  
of south africa

**MNE2601**

( 483875)

May/June 2014

**INTRODUCTION TO ENTREPRENEURSHIP AND SMALL BUSINESS  
MANAGEMENT**

Duration 2 Hours

70 Marks

**EXAMINERS**  
FIRST  
SECOND

MS WT SAMI  
MRS MJ PHILLIPS

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Use of a non-programmable pocket calculator is permissible.

Closed book examination

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Section A is a compulsory section, which you have to answer on the mark reading sheet. In Section B, you must answer Question 1 and then either Question 2 or Question 3.

**[TURN OVER]**

**SECTION A**

Answer the following 30 multiple-choice questions on the mark-reading sheet. The questions are worth one (1) mark each. The total for this section is, therefore, 30 marks. Make sure that the following information appears on the mark-reading sheet:

- your **student number**
- the module code (**MNE2601**)
- the **unique number of the paper**

1. Buying an existing business can be an option for an aspiring entrepreneur. What is one of the advantages of buying an existing business?
  - 1 experienced employees
  - 2 poor reputation
  - 3 inadequate sales
  - 4 unfavourable location
  
2. Entrepreneurs prefer to be in control of their own boss, but they can also be found in large organisations where they have the freedom to build their own organisation in their own way with profit-making motives. In this case, they are called .
  - 1 innovators
  - 2 entrepreneurs
  - 3 intrapreneurs
  - 4 business owners
  
3. According to the National Small Business Amendment Act 26 of 2003, the following are the qualitative criteria covered in the definition of a small business EXCEPT:
  - 1 managed by its owners
  - 2 total full-time paid employees
  - 3 is a natural person
  - 4 be a separate and distinct business
  
4. The marketing plan of the business plan includes all of the following EXCEPT:
  - 1 market size
  - 2 competitive advantage
  - 3 industry size
  - 4 market evaluation

**[TURN OVER]**

5. If one owner leaves the business, the whole business is dissolved and a new agreement has to be concluded. This is **true** for a ..
- 1 company
  - 2 close corporation
  - 3 partnership
  - 4 sole proprietorship
6. The registered exclusive right of an inventor to make, use or sell an invention is known as a ... .
- 1 trademark
  - 2 patent
  - 3 design
  - 4 copyright
7. Domestic women business owners ... .
- 1 have little commitment to entrepreneurial ideas and to traditional gender roles
  - 2 are not committed to entrepreneurial ideas but have a high attachment to traditional gender roles
  - 3 are highly committed to entrepreneurial ideas but not to traditional gender roles
  - 4 are highly committed to entrepreneurial ideas as well as to conventional gender roles
8. Individuals with innovative solutions to society's most pressing social problems are referred to as ... entrepreneurs
- 1 technology
  - 2 youth
  - 3 tourism
  - 4 social
9. If a small business owner/entrepreneur makes use of an independent consultant to critically assess the business plan, it will help avoid the problem of ... .
- 1 lack of objectivity
  - 2 inappropriate market research
  - 3 disregard of legal requirements
  - 4 lack of demand for products

**[TURN OVER]**

10. Entrepreneurs, as the drivers of their businesses, need to address the attitudes and expectations of their employees in managing the human resources as an important asset of a business. They can do this by ... .
- 1 offering competitive salaries
  - 2 managing employees effectively
  - 3 building team spirit among employees
  - 4 introducing rules in the workplace
11. The entrepreneurial process is one through which a new venture is created by an entrepreneur and is as follows:  
Identify and evaluate an opportunity – develop a business plan – determine the resources required – ... .
- 1 implement a business idea
  - 2 start and manage the enterprise
  - 3 focus on making profit
  - 4 learn from your mistakes
12. After inheriting her grandfather's coffee shop business, Jane transfers the business to her sister's son. This is an example of a ... business.
- 1 family
  - 2 partnership
  - 3 small
  - 4 private
13. Which one of the following is NOT a characteristic of small business owners as compared to entrepreneurs?
- 1 stabilise at a certain stage
  - 2 only grow with inflation
  - 3 want to be autonomous
  - 4 willing to take calculated risks
14. SMMEs in South Africa can access appropriate technology by seeking the services offered by organisations such as the National Research Foundation (NRF). The use of up-to-date and new technology leads to ... .
- 1 reduced operational and production costs
  - 2 better networking opportunities
  - 3 commitment to the business
  - 4 access to start-up and expansion costs

**[TURN OVER]**

15. Male entrepreneurs are ... .
- 1 latecomers to the entrepreneurial game
  - 2 short-term oriented
  - 3 being supported by spouse
  - 4 face discrimination with banks
16. Student entrepreneurship can be encouraged through ... .
- 1 reducing poverty levels
  - 2 economic activity
  - 3 social networks
  - 4 innovative educational programmes
17. Tebogo has just finished his entrepreneurship degree and has decided to start a business. He is considering opening a *shisa nyama* (an informal barbeque or braai place in townships) in his community. Tebogo must contact the local authority in his town in order to obtain ... before he begins trading.
- 1 copyright
  - 2 permission
  - 3 a license
  - 4 a contract
18. A black company is a company ... .
- 1 which is 50,1% owned by black persons and where there is substantial management control
  - 2 that is at least 25,1% owned by black persons and where there is substantial management control
  - 3 with at least 25,1% representation of black women
  - 4 that has an empowerment shareholder who represents a base of members such as a local community
19. The organisation dedicated to government policy and national strategy development of small enterprises in South Africa is ... .
- 1 Khula Enterprise Finance Ltd
  - 2 the Department of Trade and Industry
  - 3 Small Enterprise Development Agency
  - 4 The Enterprise Organisation

[TURN OVER]

20. Katlego is thinking of opening a bed and breakfast business and to register it as a private company. What is the applicable equity that she can use to raise capital for her chosen form of ownership?
- 1 capital accounts
  - 2 share capital
  - 3 company capital
  - 4 members' contribution
21. When a business offers a product or service that customers perceive to be superior to those of competitors and one that the competitors find very difficult or impossible to imitate, they have a sustainable ...
- 1 industry competitiveness
  - 2 strategic differentiation
  - 3 competitive advantage
  - 4 organisational competence
22. The management style of a leader can influence succession in the family business. Leaders who leave office gracefully and who serve as post-retirement mentors from time to time are known as
- 1 ambassadors
  - 2 monarchs
  - 3 governors
  - 4 generals
23. In South Africa, a disappointingly high number of small and micro-enterprises fail during the first few years of operation. They face a lot of challenges which include ...
- 1 job insecurity
  - 2 lack of direction
  - 3 personal development
  - 4 access to resources
24. The following three characteristics are **true** for the entrepreneurial venture as compared to a small business ...
- 1 incubation, security, profit making
  - 2 innovation, potential for growth, strategic objectives
  - 3 support, profit making, short-term oriented
  - 4 owner centred, independence, security

[TURN OVER]

25. Franchising can be considered as one of the ways of starting a new business venture. An advantage associated with franchising is ... .

- 1 rapid expansion
- 2 restrictions
- 3 ongoing assistance
- 4 increased costs

From question 26–29, match the appropriate stage of the creative process in column A to the relevant requirements in column B.

Column A	Column B
26. preparation	1 psychological freedom
27. incubation	2. eureka!
28 verification	3. curiosity
29. illumination	4. tolerance of ambiguity
	5. critical attitude

30. The following are reasons why bigger businesses leave gaps in the market EXCEPT:

- 1 technological inertia
- 2 politics and internal fighting
- 3 they have a stronger position
- 4 underestimating new opportunities

[TURN OVER]

**SECTION B**

Answer **two (2)** questions from section B. **Question 1 is compulsory** Choose and answer **either questions 2 or 3**. Please write the number of the questions that you have answered on the cover of your answer book.

**QUESTION 1 (Compulsory)**

Read the case study below and answer the questions that follow.

After working for a local textile company, Stacy decided it was time to do her own thing. She came up with a unique business idea, selling local designers' designs online. She liked the idea of a website being an old-fashioned chest full of designs, a treasure trove of different patterns. Stacy would copyright all the designs before selling them. It was a good idea, but Stacy struggled to get the business off the ground. It was only when she changed the focus of her business that it took off. Instead of targeting manufacturers, she decided to focus on the end user, printing the designs and selling the products themselves – wallpaper, fabric and furniture. Her bestselling patterns have gone onto the international market. Her perseverance has paid off. "This is not a job, it's a calling," she says. "My goal is to colour the world with patterns, driven by passion and creativity."

- 1.1. The definition of the term "entrepreneurship" indicates that there are certain characteristics that a person must have in order to distinguish him or her as an entrepreneur. Identify **five** entrepreneurial characteristics Stacy had and give examples from the case study. (10)

**[TURN OVER]**



- 1.2. Describe copyright and its characteristics. Point out how Stacy can use copyright to the best advantage in her business (7)
- 1.3. Give **three** pull factors and **three** push factors that cause individuals to become entrepreneurs. (3)
- [20]**

**Answer any ONE of the following two questions (EITHER question 2 OR question 3).**

**QUESTION 2**

- 2.1. As a business consultant, Linda approaches you and asks you to assist her in preparing a business plan. Explain briefly **ten** problems that Linda may experience when drawing up a business plan. (10)
- 2.2. Define intellectual property and explain why it is considered an asset to the business (2)
- 2.3. Discuss the process of starting up a business based on the four fundamentals of management. (8)
- [20]**

**OR**

**QUESTION 3**

- 3.1. Define a business plan. Briefly describe how the internet can be used as a tool for drawing up a business plan. (6)
- 3.2. Give **five** reasons why an entrepreneur might choose to buy an existing business rather than starting a new one (5)
- 3.3. Explain why a small business owner needs to manage risk in the business and briefly explain **four** strategies of managing risk. (9)
- [20]**

**TOTAL [70]**

PART 1 (GENERAL/ALGEMEEN) DEEL 1

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STUDIE-EENHEID by PSY100-X

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DATE OF EXAMINATION  
DATUM VAN EKSAMEN

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For use by examination invigilator  
Vir gebruik deur eksamenopsiener

IMPORTANT

- USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
- MARK LIKE THIS 
- CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
- ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
- CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
- CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
- CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
- DO NOT FOLD

BELANGRIK

- GEBUIK SLEGS 'N HB-POTLOOD OM HIERDIE BLAD TE VOLTOOI
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PART 2 (ANSWERS/ANTWOORDE) DEEL 2

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