



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF MANAGEMENT

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| QUALIFICATION: BACHELOR OF BUSINESS ADMINISTRATION | |
| QUALIFICATION CODE: BBAD/07BBMA | LEVEL: 7 |
| COURSE CODE: BEM 711S | COURSE NAME: SMALL AND MEDIUM ENTERPRISE MANAGEMENT |
| SESSION: JANUARY 2020 | PAPER: THEORY |
| DURATION: 3 HOURS | MARKS: 100 |

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| SECOND OPPORTUNITY EXAMINATION QUESTION PAPER | |
| EXAMINER(S) | Dr D.J. Du Plessis (Full- and Part Time) Mr F. Van Wyk (Distance) |
| MODERATOR: | Mr E Mbanga |

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| INSTRUCTIONS |
| 1. Answer ALL the questions. 2. Write clearly and neatly. 3. Number the answers clearly. |

THIS QUESTION PAPER CONSISTS OF 6 (SIX) PAGES (Including this front page)

SECTION A

20 MARKS

Choose the correct option and indicate your choice (A-E) next to the appropriate number in the examination book provided. For example 1.1. B.

1.1 The first sign of trouble to look for is

- A. a decrease in net margin.
- B. a decrease in gross margin.
- C. a decrease in cash.
- D. a decrease in capital.
- E. a decrease in market share.

1.2 When irregular cash flow turns into regular negative cash flow, the problem is more pronounced and the venture moves into the _____.

- A. credit stage
- B. growth stage
- C. cash stage
- D. turnover stage
- E. trouble stage

1.3 The signs of failure are probably the same for businesses of any size, although the measurement and visibility of these signs might be hampered due to a lack of _____.

- A. records
- B. size
- C. trading
- D. success
- E. sales

1.4 It is no small task to _____ an acting venture and put it back on the road of good performance and growth.

- A. position
- B. target
- C. turnaround
- D. process
- E. all of the above

1.5 _____ in the venture is/are crucial for handling financial trouble.

- A. Core products
- B. Confidence
- C. Control
- D. Core employees
- E. None of the above

1.6 Which one of the following factors does not affect Namibia's foreign trade pattern?

- A. Political factors
- B. Degree of sophistication
- C. Unemployment
- D. Emergence of service-oriented economies
- E. Economic conditions in foreign markets

1.7 Which of the following is not a form that intrapreneurship may take?

- A. Champions and sponsors
- B. Outsourcing
- C. Reactor
- D. Hybrid forms
- E. Acquisitions

1.8 The key roles of the intrapreneur include:

- i initiator.
- ii team supporter.
- iii venture team.
- iv facilitator.

- A. i, ii, iv
- B. i, ii, iii
- C. ii, iii, iv
- D. i, ii
- E. i, iii

1.9 As a catalyst or leader the intrapreneur

- A. gathers intelligence, assesses potential and evaluates key factors in the market.
- B. plays a collaborative role with people from other specialty areas.
- C. overcomes internal resistance and gains top management support.
- D. provides motivation and impetus for getting projects off the ground.
- E. reacts quickly to emerging developments and provides new direction if necessary.

1.10 A creative climate in a business includes:

- i trusting management.
 - ii open channels of communication.
 - iii fear of making mistakes.
 - iv sufficient financial goals.
- A. i, ii, iii
 - B. i, iii
 - C. ii, iii, iv
 - D. i, ii, iv
 - E. i, ii, iii, iv

(10 x 2 =20)

SECTION B

[80 MARKS]

QUESTION 2

The management style of the leader in a family business influence succession.

2.1 Compare and contrast 4 (four) different management styles that the family business leader may use. (8)

2.2 Recommend and explain 1 (one) management style that may positively influence succession. (2)

[10]

QUESTION 3

Irrespective of the monetary evaluation the potential buyer and seller may use to evaluate a business to buy, it is of utmost importance (according to Timmons, 1999) to be aware of certain traps when buying an existing business. Compile and explain these traps potential buyers should be aware of. (14)

QUESTION 4

The franchise concept gives an entrepreneur the opportunity to start a business that has been proven in the marketplace. Compare and contrast the case for and against franchising from the view point of the franchisee. (10)

QUESTION 5

STUDY THE FOLLOWING CASE STUDY AND ANSWER THE QUESTIONS THAT FOLLOW.

From 2010 to mid-2018, David was overall manager of Silva Restaurant in Down Town, Windhoek. Due to ill health the owner, Silva, was forced to sell the business. David identified an opportunity and made an offer to the owner. The owner decided to accept the offer. Elaine was working in the restaurant as a floor manager and was invited by David to join him in the business. David and Elaine combined their life savings and formed their own Close Corporation.

Before buying out the business, sales were estimated at N\$ 500 000 per year. Now a year later they have increased to just over N\$ 850 000. The increase was attributed to good management and customer service skills. The improvement in performance is also indicated by an increase in customers of about 25%. Queues for evening and weekends indicate some capacity shortage. The business encourage teamwork, harmony and respect among its staff. Employee turnover is down to a minimum. Employees have said that they are less likely to leave if they are rewarded for hard work.

5.1 At what stage of growth is Silva Restaurant? Explain your answer. (6)

5.2 Identify six (6) internal growth methods that you can recommend David and Elaine to pursue. (6)

5.3 Wickham, (2006) states that growth of an organisation, due to the multifaceted nature of organisations; the entrepreneur must constantly view the growth and development of a organisation from the perspectives of four types of growth. Identify these four (4) types of growth

(4)

[16]

QUESTION 6

"Harvesting is the achievement of some or other end goal that will repay the entrepreneur for the hard work and inputs" (Nieman and Nieuwenhuizen, 2000).

6.1 Evaluate the reasons why an entrepreneur may decide to harvest his/ her business.

(10)

6.2 Which principles should be adhered to, to ensure that the entrepreneur reap the fruits of his/her efforts.

(10)

[20]

QUESTION 7

The dawn of the internet not only opened new opportunities for major businesses in Namibia, but also for potential or existing entrepreneurs (Nieman & Nieuwenhuizen, 2015)

7.1 Assess if the Internet changes the basic principles of starting and doing business.

(5)

7.2 Argue if movie tickets will be a good product to sell over the Internet? Why?

(5)

[10]

END OF EXAM PAPER