



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF MANAGEMENT

QUALIFICATION: BACHELOR OF BUSINESS ADMINISTRATION	
QUALIFICATION CODE: BBAD/07BBMA	LEVEL: 7
COURSE CODE: BEM 711S	COURSE NAME: SMALL AND MEDIUM ENTERPRISE MANAGEMENT
SESSION: NOVEMBER 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR:	Mr E Mbanga

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

THIS QUESTION PAPER CONSISTS OF 5 (FIVE) PAGES (Including this front page)

QUESTION 1

Choose the correct option and indicate your choice (A-E) next to the appropriate number in the examination book provided. For example 1. B.

1.1 How can advisory boards help family businesses?

- A They make the family business more formal.
- B They support entrepreneurial behavior.
- C They act as “referee” in quarrels.
- D a and c
- E b and c

1.2 The best way to develop a family creed is to

- A. buy an existing one.
- B. use an existing template.
- C. ask an independent facilitator to help.
- D. A and C
- E None of the above

1.3 _____ 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

1.4 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

1.5 Which one of the following is not a reason for the internationalisation of an enterprise’s business?

- A. Expansion of sales
- B. Resource acquisition
- C. Diversification
- D. Maximisation of competitive risk
- E. Saturated markets

1.6 _____ 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

1.7 Which one of the following products or services has the lowest probability to sell online?

- A. Books
- B. Clothes
- C. Expensive jewellery
- D. Movie tickets
- E. Tinned food

1.8 Which one of the following is not a search engine on the internet?

- A. Google
- B. Yahoo
- C. Bling
- D. Facebook
- E. None of the above

1.9 Which of the following statements is true?

- A. Without innovation there can be no creativity.
- B. Innovation initiates entrepreneurship.
- C. Entrepreneurship and creativity are prerequisites for innovation.
- D. Creativity and innovation are prerequisites for entrepreneurship.
- E. Entrepreneurship and innovation are prerequisites for creativity.

1.10 Which one of the following statements regarding the distinction between innovation, creativity and entrepreneurship is true?

- A. Creativity involves implementing ideas.
- B. Innovation involves getting ideas.
- C. Creativity and innovation take place by means of entrepreneurship.
- D. Entrepreneurship and innovation are necessary for creativity.
- E. Entrepreneurship and creativity are necessary for innovation.

(10 x 2 =20)

SECTION B**[80 MARKS]****QUESTION 2**

Succession is the process through which leadership in a family business is transferred to a subsequent family member.

2.1 Assess the obstacles to a successful succession. Refer to Namibian examples where applicable to support your discussion. **(9)**

2.2 If the entrepreneur wish to continue with a succession, in the absence of an appropriate successor, which options are can be opted for. **(3)**

[12]**QUESTION 3**

Consider the following figures from the Adjusted Balance Sheet and Condensed Income Statement of Harold Campbell, a SME from Gobabis, in order to answer questions (3.1.1) to (3.1.7) below [Determine the Value of the Business for Buy-out purposes]:

Capital	560 000
Accumulated profits	350 500
Long term loan	100 000

Additional information

1. The salary foregone is N\$90 000
2. Risky investment of 30%
3. Growth wanted is 45%

Year	2018	2017	2016	2015
Net Profits	200 900	180 200	150 500	90 400

3.1 Calculate the following:

- 3.1.1** Adjustable Tangible Net Worth **(3)**
 - 3.1.2** Opportunity Cost **(3)**
 - 3.1.3** Growth Rate % of Net Profit **(3)**
 - 3.1.4** Estimated Net Earnings for the next year **(3)**
 - 3.1.5** Extra Earning Power **(3)**
 - 3.1.6** Goodwill **(3)**
 - 3.1.7** Value of the Business **(3)**
- (21)**

3.2 The final price is determined by the monetary value and non-monetary value (non-quantitative) factors. Explain the non-financial factors that may impact the final price of a business. (8)

[29]

QUESTION 4

Businesses go through different growth stages during its life cycle.

4.1 Identify the main stages of growth a business may go through in its life cycle. Explain what one can expect to happen during each stage of growth in a business life cycle. (10)

4.2 Differentiate between licensing, alliances and exclusive agreements as forms of internal growth (6)

4.3 Briefly discuss the key factors that the entrepreneur needs to address during the growth stages of its business venture. (10)

[26]

QUESTION 5

“To turnaround an ailing venture and put it back on the road to good performance and growth is no small task”.

5.1 Identify and briefly explain the principles of restructuring (turnaround) to ensure a successful turnaround process. (10)

5.2 In your opinion, suggest (three) 3 other options than a turnaround. (3)

[13]

END OF EXAM PAPER