



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCES**

MANAGEMENT SECTION

QUALIFICATION : BACHELOR OF BUSINESS MANAGEMENT	
QUALIFICATION CODE: 07BMAR	LEVEL: 7
COURSE CODE: BEM 711S	COURSE NAME: SMALL AND MEDIUM ENTERPRISE MANAGEMENT
SESSION: JUNE 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	DR KARIKARI AMOA-GYARTENG (FULL TIME) DR MOSES WAIGANJO (PART TIME & DISTANCE)
MODERATOR:	MR ERNEST MBANGA
INSTRUCTIONS	
This examination consists of two sections. <i>Section A contains two compulsory questions that all candidates must answer. Section B contains four questions, from which candidates must select and answer any three.</i> The total marks for this examination are 100, with Section A worth 40 marks and Section B worth 60 marks.	
<ol style="list-style-type: none">1. Answer ALL the questions in the answer book provided.2. Write clearly and neatly.3. Number the answers clearly.4. <i>Indicate your lecturer's name on your answer sheet.</i>	

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

SECTION A- THIS SECTION HAS TWO (2) MAIN QUESTIONS. ANSWER ALL OF THEM (40 Marks)

Question 1)

N.U. Shikongo Meat Traders: Preparing for Succession and Change

Background

N.U. Shikongo Meat Traders is a family-owned meat business in northern Namibia, founded by Nangula and Usko Shikongo's father. When he passed away unexpectedly in 1996, Nangula and Usko were still in their late teens. Despite their youth, they took over the business, which then had only two butcheries in Oshakati. Through their hard work, they expanded the company into a significant regional operation with 30 retail outlets across four regions and nearly 350 employees. They also developed their own meat processing facility in Ongwediva.

The Challenge: Leadership Transition and Market Changes

By 2022, Nangula and Usko were approaching retirement age and needed to plan for the business's future. They faced two major challenges: transitioning leadership to the next generation and maintaining competitiveness in Namibia's evolving retail meat market. They consulted a local business advisor, Ndapewa Kamonde, who helped them structure their succession planning.

The Solution: Creating a Family Governance Framework

The Shikongos realized how deeply the family was connected to the business through family discussions.

To preserve their legacy, they:

- i. Developed a written family charter outlining their values and business principles.
- ii. Established a family council including themselves, their brother Efraim, and Usko's three adult children.
- iii. Decided to appoint a professional General Manager while maintaining family oversight.

Implementation and Results

In 2023, they hired Gottfried Haingura as General Manager while Usko transitioned to Board Chair. Usko's daughter, Sesilia, joined management in 2021, and his son took responsibility for northern region operations. These changes led to a 40% expansion of retail outlets and modernization of their processing facility, ensuring the business remained competitive in Namibia's growing supermarket sector.

Questions

- a) Why is succession planning particularly important for Namibian family businesses like N.U. Shikongo Meat Traders? Identify two specific challenges they might face in transitioning leadership to the next generation. (5 marks)

- b) Explain two key roles the family council played in N.U. Shikongo's transition. Suggest two ways such councils can help manage family conflicts in Namibian business contexts. (6 marks)
- c) Compare family and external leadership by listing two advantages and two disadvantages of hiring a professional General Manager like Mr. Haingura versus keeping leadership within the Shikongo family. (4 marks)
- d) What two important lessons about business continuity can other Namibian family enterprises learn from N.U. Shikongo's approach to succession? (2 marks)
- e) Describe two strategies N.U. Shikongo used to combine family values with professional management. Why is this balance especially important for family businesses in Namibia's economic environment? (3 marks)

Question 2)

Case Study: Step Up Industries Ltd. – A Namibian Entrepreneurial Journey

Background

Step Up Industries Ltd. was established in Windhoek by two unemployed graduates:

- Anthe-Lee Januarie, who holds a BSc in Biochemistry from the University of Namibia (UNAM), and
- David White, who holds a Bachelor of Business Administration from the Namibia University of Science and Technology (NUST).

Their original business idea was to manufacture products for the mining industry using agricultural waste. However, the high startup costs—estimated at over N\$500,000—made the plan unfeasible at the time.

The Pivot: Launching 'Fresh Life' Yoghurt

Instead of giving up, Januarie and White decided to pivot. Using a yogurt recipe Januarie had developed during university, they started producing 'Fresh Life' Yoghurt in Januarie's kitchen.

- Initial capital: N\$3000, made up of N\$1500 from internships and a N\$1500 personal loan.
- They received mentorship and regulatory support from the Namibia Business Innovation Institute, which helped them meet local standards, including certification by the Namibia Standards Institute.

Growth and Early Success

Their yoghurt venture quickly gained traction:

- Sales: 2,000 bottles sold weekly in Windhoek, mainly through informal vendors, at N\$10 per bottle.
- Funding: A N\$50,000 loan from the Youth Enterprise Development Fund (YEDF) enabled them to:

- Expand production into a small factory in Katutura Industrial Area.
- Purchase ice chests for their vendors.
- Employment Impact: They hired 3 full-time staff and partnered with 15 informal vendors for distribution.

Current Status

- Financial Progress: Commercial banks, such as Bank Windhoek, now offer Step Up Industries credit lines through SME support packages.
- Strategic Outlook: With new investor interest, the founders are revisiting their original idea of producing mining products from agricultural waste—this time with better funding prospects and market insight.

Questions

- a) Discuss two reasons why the founders of Step Up Industries were initially unable to pursue their idea of manufacturing mining products from agricultural waste. In your response, explain what this reveals about the broader challenges entrepreneurs face when entering capital-intensive industries. (4 marks).
- b) Drawing on details from the case, assess whether the N\$50,000 loan from the Youth Enterprise Development Fund (YEDF) was used effectively by Step Up Industries. Provide two specific uses of the funding and evaluate how each contributed to the company development. (4 marks).
- c) Step Up Industries began with personal funds and later secured a government loan to grow their operations. Critically evaluate two ways this funding approach may have shaped their early growth. Then, consider how raising capital through equity—by selling shares—might have affected the founders' control and long-term strategic direction. Discuss two potential implications. (6 marks).
- d) Step Up Industries' founders progressed from self-funding to securing a government loan and now qualify for commercial SME credit. Suppose they plan to expand the business further. Compare the financing trade-offs between taking a commercial loan and attracting equity investors. In your response, identify and discuss two advantages or disadvantages of each financing option using the context of the company. (6 marks).

SECTION B- THIS SECTION HAS FOUR (4) QUESTIONS. ANSWER ANY THREE (3) QUESTIONS. EACH FULL QUESTION IS WORTH 20 MARKS IN TOTAL. (60 Marks)

Question 3)

Choosing a Business Structure

Scenario: Theresia Joachim wants to start a hair salon in Windhoek. She plans to run it alone but worries about personal risk if the business fails. Her friend, Enzo, suggests partnering with a stylist to share costs.

- a) What two advantages does Theresia gain by running the salon alone? (4marks)
- b) What two risks does she face if she operates solo? (4marks)
- c) If Theresia partners with the stylist, what one legal agreement should they create to avoid future conflicts? (4marks)
- d) Recommend whether Theresia should go solo or partner, justifying your answer with two business reasons. (8 marks)

Question 4)

Due Diligence Dilemma

Scenario: You want to buy a struggling gym in Windhoek. The owner claims it has "great potential" but refuses to share full financial records.

- a) Why is due diligence critical in this situation? (4 marks)
- b) Identify two risks of buying the gym without a proper financial review. (6 marks)
- c) Identify three checks (financial or non-financial) you should conduct before buying the gym. (6 marks).

Post-Purchase Problems

Scenario: After buying a Swakopmund souvenir shop, you discover:

- Employees resist your new inventory system.
- Half the stock is unsellable.

- d) Why might employees resist change? List one reason and also suggest one solution. (4 marks)

Question 5)

Franchise Evaluation

Scenario: A Windhoek entrepreneur wants to buy a Debonairs Pizza franchise but worries about high ingredient import costs.

- a) Identify two advantages of choosing this franchise over starting an independent pizza shop. (2 marks)
- b) List two challenges that make running a food franchise harder in Namibia than in South Africa. (4 marks).

c) What could happen if a franchise depends too much on imported goods? Give one example. (4 marks).

Franchising Policy Proposal

Scenario: Namibia's government wants to attract more franchises to boost jobs but faces high import costs and skills gaps.

- d) Suggest two policies to address import challenges. (4 marks).
- e) Argue whether franchising helps or harms local businesses. (6 marks)

Question 6)

The Late Payment Problem

Scenario: Ujamaa's catering business in Oshakati allows customers to pay later. Now, five big clients owe her N\$20,000 total, and she can't pay her suppliers.

- a) Explain how this affects her ability to pay suppliers or salaries. (4 marks)
- b) List two things she should have done before giving credit. (6 marks)

The Cash Flow Emergency

Scenario: Andre's Windhoek Carwash is struggling because most customers pay him monthly, but salaries are due weekly. Last month, he almost couldn't pay staff.

- c) Why is this happening if the business is profitable? (4 marks)
- d) Suggest two ways to get cash faster. (6 marks)

END OF QUESTION PAPER