



**PAMIBIA UNIVERSITY**  
OF SCIENCE AND TECHNOLOGY

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

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

<b>Second OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	DR KARIKARI AMOA-GYARTENG (FULL TIME) DR MOSES WAIGANJO (PART TIME & DISTANCE)
<b>MODERATOR:</b>	MR ERNEST MBANGA
<b>INSTRUCTIONS</b>	

This examination consists of two sections. *Section A contains ONE compulsory question that all candidates must answer. Section B contains four questions, from which candidates must select and answer any three.* The total marks for this examination are 100, with Section A worth 40 marks and Section B worth 60 marks.

1. Answer ALL the questions in the answer book provided.
2. Write clearly and neatly.
3. Number the answers clearly.
4. ***Indicate your lecturer's name on your answer sheet.***

***THIS EXAM PAPER CONSISTS OF 6 PAGES***

## SECTION A – COMPULSORY QUESTIONS (40 Marks)

### Question 1

#### Case Study: Kavango Furniture Manufacturers – Striking the Balance

Kavango Furniture Manufacturers (KFM) is a small, family-run business based in Windhoek, Namibia. The company specializes in high-quality, handmade wooden furniture using local materials. Over the past few years, KFM has grown steadily due to strong word-of-mouth marketing and a loyal customer base that values craftsmanship and durability. Despite high demand for its products, KFM faces several challenges that threaten its ability to grow and stay profitable.

#### Pricing Pressure

KFM's competitors sell cheaper, mass-produced furniture. Customers often compare prices and choose lower-cost options, even if the quality is not as good. KFM is now unsure whether it should reduce prices to compete or stick to premium pricing to reflect the quality of its furniture.

#### Credit Challenges

A large number of KFM's customers request to buy on credit. Although offering credit has helped increase sales, it has also caused serious cash flow problems. Many customers delay their payments or default entirely, leaving the business short of funds to pay suppliers and workers.

#### Market Positioning Confusion

KFM is struggling with its market position. Should it try to be the most affordable option, or should it focus on being known for premium, handmade quality? The team knows they need a clear strategy to survive and grow.

#### The Way Forward

The owner, Mrs. Kambonde, knows that both pricing and credit policies are crucial to long-term success. But she is not sure how to strike the right balance. She wants strategies that will help KFM remain competitive, protect its cash flow, and build stronger relationships with its customers.

- a) Should KFM lower its prices to match its competitors or keep charging higher prices for better quality? In your answer, explain the risks and benefits of both options. Suggest which one would be better for KFM and why. (10 marks)
- b) What kind of credit terms should KFM offer to attract customers without putting the business at financial risk? Your answer should explain how credit terms work and what KFM can do to reduce late payments or bad debts. (10 marks)
- c) How can pricing strategies help KFM build customer loyalty? Give examples of pricing methods that do more than just bring in sales—methods that also keep customers coming back. (10 marks)
- d) How can credit policies be used as a tool to build long-term relationships with customers? Think about how offering credit can improve trust and loyalty, and how KFM can manage that carefully to avoid financial problems. (10 marks)

**SECTION B – OPTIONAL QUESTIONS -Answer any three out of the four questions in this section for 20 marks each (60 Marks in total)**

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**Question2**

***Going Global vs. Staying Local***

**Scenario:** A Swakopmund salt producer debates whether to expand to Europe or focus on Namibian supermarkets.

- a) Give **one advantage** of staying local. (2 marks).
- b) Give **one advantage** of exporting. (2 marks).
- c) Which option would you choose? Justify with **two reasons**. (6 marks)

***The Export Dilemma***

**Scenario:** A Namibian entrepreneur wants to sell dried oysters to Germany but doesn't know how to start.

- d) List **two challenges** they might face when selling to another country.(6 marks)
- e) Would you recommend partnering with a German distributor? Give **one reason** for your answer. (4 marks)

### Question 3

#### *The E-Commerce Experiment*

**Scenario:** A Swakopmund crafts seller wants to move from street markets to online but fears scams and delivery costs.

- a) Give **two benefits** of selling online. (6 marks)
- b) Identify **two real concerns** about e-commerce. (4 marks)

#### *The Expansion Decision*

**Scenario:** A Katutura bakery with three shops wants to grow. They're considering:

- **Option 1:** Open 2 more shops in Windhoek
  - **Option 2:** Partner with Pick n Pay to sell their bread nationwide
- c) Which option is a *joint venture*? Explain why. (6 marks)
  - d) Give **one risk** of Option 1. (2 marks)
  - e) Suggest **one advantage** of Option 2. (2 marks)

### Question 4

#### **Scenario:**

Dan runs a small juice business in Oshakati. He doesn't have much money for ads, so he uses creative marketing. He gives free samples at taxi ranks, shares funny videos of his juices on WhatsApp, and offers discounts to returning customers. His sales are growing fast, and people in town are starting to talk about his brand.

- a) Why do you think Dan's marketing strategy is working even though he doesn't spend much money? (10 marks).
- b) What could happen if Dan stops using creative ways to market and only waits for people to come to his shop? (5 marks).
- c) If you were Dan, what else would you try to promote your business? Give two ideas. (5 marks).

### Question 5

#### **Scenario:**

Lukas owns a small motor spares shop in Rundu. The business is growing, and he feels overwhelmed. He is thinking of hiring a manager to help—but that will cost money. If he doesn't hire, he'll keep doing everything by himself, but he's getting tired.

- a) What could go wrong if Lukas tries to manage everything alone as the business grows? (10 marks)

**b)** What is one possible risk of hiring a manager? (5 marks)

**c)** If you were Lukas, what would you do—hire or not hire? Give two reasons for your choice. (5 marks)

**END OF QUESTION PAPER**