

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

SEMESTER 1, 2014

TITLE OF PAPER : ENTREPRENEURSHIP & SMALL BUSINESS MANAGEMENT

COURSE CODE : BA 304 / BA 404 IDE

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)

(2) THE PAPER CONSISTS OF SECTIONS A AND B.

(3) ANSWER THE QUESTION IN SECTION A WHICH IS COMPULSORY AND ANY THREE (3) QUESTIONS IN SECTION B.

(4) THE MARKS ALLOTTED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.

(5) WHERE APPLICABLE, ALL WORKINGS / CALCULATIONS MUST BE CLEARLY SHOWN.

NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY, AND PRESENTATION OF WORK.

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A: COMPULSORY**QUESTION 1** Read the case and answer the questions that follow

CASE: The Swaziland Royal Bank (SRB) has just been named the fastest growing new bank in the country. After opening the doors in January 2008 with capital of E11 million in assets, the bank has grown to over E 127 million in assets. The major growth area over the two years has been a strong organizational culture and an ability to maintain high asset quality. The future concern for the bank is managing the rapid growth, building capacity and finding sources of income to meet increasing demand from customers.

In general, the country's banking industry performance has been declining as reflected in poor asset quality. This is due to increased spending by households which is faster than income, resulting in rapidly rising debt, and in turn raising provisions for loan losses. Slow economic growth due to the recession has created a more challenging environment for banks, including falling consumer deposits. Non-interest income has become stagnant due to intense competition and a general public outcry that has resulted in a commission of enquiry instituted by Government to look into the fee structure of banks. This poor performance has caused bank management teams to focus on nurturing high performance units and introducing cost cutting measures.

The SRB operates in a very competitive environment where most of the business strategies of banking institutions are driven by competition and the desire to expand. Innovation and cost cutting initiatives are valued. The SRB believes that its success is due to their ability to understand their customers' financial needs and their willingness to tailor their products to each customer's unique ability to repay. They have built a competitive advantage centered on customer service. They always strive to know the customer, big or small, and to build long lasting relationships that meet their needs. Customer surveys reveal that it has the best reputation in the country for customer service. The bank services a niche market providing mortgage and consumer loans to SMEs and professionals such as doctors, engineering companies etc. It employs a balanced mixture of veteran bankers and industry newcomers. The average banking experience of the 12 senior managers is 22 years and of the total staff of 33 persons is 15 years.

The bank plans to add three new branches in the Mbabane- Manzini corridor within the next year, but the managing director and his management team know that if they remain fixed in the urban corridor area it will be very hard to grow. They aim to grow to \$170 million in total assets by the year end 2010 and to E250 million by the bank's 5th year anniversary in 2012. The growth strategies centre around new products, potential acquisitions, and market expansion. At the same time SRB wishes to maintain its unique culture and unwavering dedication to customer satisfaction.

QUESTIONS:-

- a. Using Professor David Bat stone's ideas, examine the entrepreneurial ethics the management of SRB should incorporate in order to promote the integrity and effectiveness of bank [20 marks]
- b. What potential problem do you see in the SRB's rapid growth? [10 marks]
- c. Why do you think has contributed to SRB's success? [10 marks]
- [Total marks 40]

SECTION B

Answer any three (3) questions from this section.

QUESTION 2

Before committing time and energy in preparing a business plan, entrepreneurs should engage in a feasibility study of the business concept to see whether there are any possible barriers to success. The information obtainable should inter alia include **operations information needs**. Identify and discuss this category of needs [20 marks]

QUESTION 3

Even though female entrepreneurship and the formation of women business networks are steadily rising, there are a number of challenges and obstacles that female entrepreneurs face. Discuss these barriers with reference to Swaziland environment. [20 marks]

QUESTION 4

Youth Entrepreneurship is rapidly gaining momentum around the world as a national development strategy that needs to be promoted and supported/ encouraged. Identify and discuss some of the factors that motivate (advantages) and those that are seen as barriers to young entrepreneurs [20 marks]

QUESTION 5

Creative ideas may appear to strike as suddenly as a bolt of lightning but they are actually the result of the creative process. Explain the seven common stages of entrepreneurial creative process and further indicate what can entrepreneurs do to enhance each stage. [20 marks]

QUESTION 6

Most leaders try to foster entrepreneurship inside the organization, but such efforts can create distrust, fear, and cynicism when inadequate attention is given to the differences between entrepreneurs and intrapreneurs. Explain clearly, with examples, the differences between the two

[20 marks]