

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

ENTREPRENEURSHIP-CBU 4109

FINAL EXAMINATION - JANUARY 2013

TIME ALLOWED 3 HOURS 15 MINUTES

INSTRUCTIONS TO CANDIDATES

Answer question **One** and any other **Three** questions from Section B.

INFORMATION TO CANDIDATES

- (i) Section A carries **40** marks.
- (ii) All questions in Section B carry **20** marks each.
- (iii) Questions may be answered in any order.
- (iv) Credit will be given for the use of appropriate examples.
- (v) This paper contains **Seven** Questions.

SECTION A

QUESTION 1:

CASE STUDY: ENTREPRENEURS IN ACTION

When the Industrial Development Corporation assesses a company that has applied for development finance, it looks at the qualities of the entrepreneur who runs the business. Theuns Kuhn can lay claim to being a winner, as he showed when his company, Technical Systems, was named exporter of the year by the Cape Town Regional Chamber of Commerce and Industry. Theuns Kuhn, an engineer turned entrepreneur, has built up Technical Systems from a workforce of three people to 60. Technical Systems produces products that are as good as, or even better than, their international competitors' products.

The company produces chains that are used for machines that give just the right amount of food for feeding poultry and pigs. It exports up to 97% of its products to 37

countries. And it competes in this market with manufacturers based in the United States, Europe, Taiwan and the Far East.

Becoming successful took hard work, a clear plan and determination. Kuhn who graduated as a manufacturing engineer at Stellenbosch University, always had a passion for manufacturing 'something'. His first job at Columbus Steel, as a consultant, exposed him to the development of various steels. After three years, he sold his part of the business to start out his own. He used his money to find out what products he could make to replace products brought from overseas. After considering a few ideas, he spoke to farmers who told him about expensive equipment imported from overseas and used to make machines for feeding poultry.

'After that we went through the whole process again to identify the right materials and, along with Iscor, we experimented with various steels before settling on the right ones.' He then concentrated on the marketplace. He travelled to poultry shows around the world to decide whether there was potential to export them. Manufacturing began in 1993.

The company's first export was to Denmark. "Two months later, exactly 10 years ago, we exported a batch to Thailand, which was a major breakthrough,' says Kuhn. The company now manufactures 2 000 kilometres of chain systems annually, enough to stretch from Cape to Windhoek. In addition, it has developed other products for the pig-feeding market. 'In the early stage we experienced quality problems because of the complex methods of developing the equipment. It was something I could not go out and buy. We had to develop and manufacture the tools and **dies**, ourselves.' 'As a qualified engineer, I never thought I would be spending day and night in overalls and boots. I had thought I would be attending meetings,' says Kuhn. 'We only achieved what I would call top quality in production a few years later'.

Source: Adapted from Business Day, 1 December 2003.

REQUIRED:-

- (a) 'Kuhn is a successful entrepreneur internationally.' What evidence is there in the case study to support this assertion? **[5 marks]**
- (b) What entrepreneurial traits does Kuhn possess? Use examples from the case study to justify your answer. **[10 marks]**
- (c) 'Some people have argued that there is no relationship between education, work history and being a successful entrepreneur.' Do you agree with these views? Use evidence from the case study to support your answer. **[15 marks]**
- (d) Entrepreneurs are risk-takers. Discuss any two types of risks that Kuhn was exposing himself to when he started this business. **[5 marks]**
- (e) This case study shows the importance of doing market research before going into business. Assess the benefits that Kuhn derived from conducting the marketing research. **[5 marks]**

SECTION B

QUESTION 2

- (a) Discuss the challenges faced when drawing up a business plan. **[10 marks]**
- (b) Explain how a standard business plan could be used as a strategic document. **[10 marks]**

QUESTION 3

Discuss the opportunity (pull) factors and the necessity (push) factors that drive people into business. Are Zimbabwean entrepreneurs in business due to pull or push factors? Explain. **[20 marks]**

QUESTION 4

- (a) Explain the challenges faced by women entrepreneurs in Zimbabwe. **[10 marks]**
- (b) What has the Government of Zimbabwe done to alleviate the challenges faced by women entrepreneurs that you highlighted in (a)? **[10 marks]**

QUESTION 5

To what an extent would you agree with the assertion that 'Entrepreneurship contributes to **economic growth and development**' in developing countries.

[20 marks]

QUESTION 6

- (a) Discuss the factors to consider in the physical establishment of a business. **[10 marks]**
- (b) Select any **three** variables from the macro environment and show their impact on businesses in Zimbabwe. **[10 marks]**

QUESTION 7

'The study of finance, accounting, marketing, business communication and human resource management are crucial to prospective and practising entrepreneurs'. Discuss.

[20 marks]

END OF EXAMINATION