

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

ENTREPRENEURSHIP – CBU4109

FINAL EXAMINATION – DECEMBER 2013

TIME ALLOWED: 3 HOURS

INSTRUCTIONS TO CANDIDATES

Answer question **ONE** and any **THREE** questions from **Section B**.

INFORMATION TO CANDIDATES

- (i) Questions in Section B carry **20** marks each.
- (ii) Questions may be answered in any order.
- (iii) As much as possible, use relevant examples.
- (iv) This paper contains **Seven** questions.

SECTION A

Question 1 (Compulsory)

Master Currency: Zitulele Combi, CEO

What sets entrepreneurs apart is the ability to see a gap or an opportunity where others do not. It took Zitulele Combi just six weeks to spot a worthless piece of land next to a road, get it rezoned and then sell it to a petroleum company for just less than R1 million. He used this same energy to get the Reserve Bank to grant him a licence to operate a foreign exchange bureau as an individual-something the bank had never done before. As the new kid on the block, he had to give customers something other bureaus and banks could not. This came soon enough as he figured out how to provide forex within two hours. Before establishing Master Currency, Combi knew little about currencies. Having been in property development, he felt it was time for change and went to the UK to look around. "I went to find new ideas I could bring to SA," says Combi. "They had to be mainstream and unique, to limit the competition back home. I had nothing in mind, but

then a story someone from Oracle told me once came to mind. He had said, “The answer is in your hand.” I was holding travellers cheques.’

Gut instinct told Combi to follow up on this idea and find out how to run a foreign exchange bureau . The manager of a London bureau provided insight and inspiration, even if his attention had to be caught by Combi standing in the bureau doorway, letting customers in and out.

Convinced this was his ticket back home, Combi then turned to the Reserve Bank for permission to operate his own bureau. ‘This was the biggest hurdle. It would have taken weeks to set up a meeting with Chris Stal. I took another short-cut and asked Piet Koornhof [the former cabinet minister] to get out his little black book of contacts.’ It took another eighteen months for Combi to get his licence. For proper skills transfer to take place, Master Currency teamed up with Rennie’s banking arm in one of the first true black empowerment deals. Master Currency took a 51 percent stake and Rennie 49 percent. Rennie still has the same share, and is also major competition for Master Currency. Combi, though hesitant to elaborate, admits that careful balance is necessary. “Initially it was positive as we were forced to work harder. We had to be smarter and sharper, as Rennie was not our only competition. I found a gap by giving customers their cash within two hours. But it was still hard to work with Rennie in a co-operative way and still try to outsmart them in the marketplace.’ In an environment where companies have been accused of fronting, Rennie and Master currency seem to have it right.

Combi’s management skills are rather unorthodox. ‘I’d had enough of people with wisdom and expertise from certain fields, so I surrounded myself with young inexperienced staff, who were also aggressive and ambitious. I didn’t want them to bring a culture from other places with them. People thought I was crazy, but I’ve proved that being crazy has worked in SA. Master Currency has bureaus around the country, and targets mostly corporate and government personnel. With the increasing movement of travellers in and out of the country, the business has changed from fledging to full-light mode.

(Source: ‘Combi’s drive puts him in front’, Business Day, 30 June 2003).

REQUIRED:

(a) “Everyday life is one useful source of business ideas. They may come from your personal interests, your own knowledge or skills in a particular field, your experiences at work or in day-to-day living.” With the aid of evidence from the case, justify your answer. [10 marks]

(b) Zitulele Combi’s case illustrates the process of starting and nurturing an entrepreneurial venture. Discuss the steps involved in the entrepreneurial process. [10 marks]

(c) ‘Zitulele like many other entrepreneurs, face challenges when setting up their enterprises.’ Discuss the challenges that Zitulele faced and show how he handled them. [15 marks]

(d) Deduce Zitulele Combi’s competitive advantage. [5 marks]

SECTION B

Question 2

(a) Identify the **unique** factors that have motivated women to start their own businesses. [8 marks]

(b) ‘Some of the challenges that women entrepreneurs currently face are a result of their historical background.’ Highlight these challenges and explain what the Government of Zimbabwe has done to alleviate these challenges. [12 marks]

Question 3

Differentiate between the twin concepts of ‘creativity’ and ‘innovation’ and demonstrate their significant link to the development of entrepreneurship. [20 marks]

Question 4

- (a) Distinguish between ‘**entrepreneurship**’ and ‘**intrapreneurship**’. [8 marks]
- (b) Discuss the aspects of leadership and management that are necessary in promoting intrapreneurship in established enterprises. [12 marks]

Question 5

‘Daily, entrepreneurs and employees are faced with temptations and wrestle with their conscience. In today’s business world, it is not only corporate businesses that need to behave ethically. It has become crucial for small businesses too to examine their ethical behaviour.’

- (a) Examine the concept of ethics and explain its importance in business. [15 marks]
- (b) Show the role of an entrepreneur in promoting ethical behaviour. [5 marks]

Question 6

- (a) What are the characteristics of a good business opportunity? [10 marks]
- (b) Discuss the importance of conducting a feasibility study before starting a business. [10 marks]

Question 7

Show how, with appropriate mindsets, base-of-the-pyramid (BOP) markets and multinational corporations (MNCs) have built innovative ecosystems required to generate prosperity for entrepreneurs in developing economies. [20 marks]

END OF EXAMINATION