



**COLLEGE OF BUSINESS AND ECONOMICS**  
**JOHANNESBURG BUSINESS SCHOOL**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**FINAL SUMMATIVE ASSESSMENT**

**SUBJECT:** Entrepreneurship 2B  
**CODE:** EMT2B01/INT2B01/ETS22B2  
**DATE:** 18 November 2017  
**TIME ALLOWED:** 150 Minutes  
**TOTAL MARKS:** 125

---

**ASSESSOR:** Mr J Davids  
**MODERATOR:** Mr C Schachtebeck  
**NUMBER OF PAGES:** 7

---

**INSTRUCTIONS:**

1. This is a closed-book assessment.
  2. Question papers must be handed in together with your answer books.
  3. Read the questions carefully and answer only what is asked.
  4. Answer all the questions in the answer book provided.
  5. Number your answers clearly.
  6. Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
  7. Structure your answers by using appropriate headings and subheadings.
  8. The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
-

**QUESTION 1****[31]**

Read the following scenario and answer question 1.1.

**New growth venture creation: Sphiwe's mobile swim academy**

Sphiwe has recently completed a three year degree in Computer Science and is keen to start a new venture. Sphiwe is very passionate about swimming and holds national championship titles in various swimming disciplines. He is also a qualified swimming instructor and would like to provide swimming lessons to his community in a different more personalised way using unique teaching techniques. Sphiwe plans to travel to clients and provide the lessons in the client's pool.

Sphiwe's research shows that the only traditional swimming school in Oakview has closed down a year ago due to operational problems and has since not re-opened. Most of the respondents indicated that they now travel more than 15km to get their children to the nearest swimming school, which is very inconvenient. Most of them have pools and have indicated that they prefer swimming instruction at their own homes and are willing to pay for such a service.

Satisfied with the opportunity that he has identified, Sphiwe is ready to start his new business venture.

**1.1 Apply** the six (6) stage entrepreneurial process to the scenario to demonstrate your understanding of the steps that Sphiwe will go through whilst creating the new venture. *[Mark allocation: 1 mark for identifying the stage, 1 mark for describing the stage and 1 mark for application.]* (15)

**1.2 Describe** the concept 'corporate entrepreneurship'. (3)

**1.3 List** any three (3) similarities between entrepreneurship and corporate entrepreneurship. (3)

1.4 Entrepreneurial strategy is concerned with applying creativity and entrepreneurial thinking to the development of a core strategy for the organisation. Covin and Miles (2007) in your prescribed book examined the relationship between corporate venturing activity and the organisation's overall business strategy and discovered the existence of five models or approaches. **Describe** the five (5) models by making use of illustrations to support your answer. *[Mark allocation is as follows, 1 mark for the diagram and 1 mark for the description.]* (10)

## QUESTION 2

[37]

**Read the following scenario and answer question 2.1.**

SHOPRITE'S now retired Chief Executive Officer (CEO), Whitey Basson, took home a little more than R100m at the end of June 2016 — an amount double his earnings in 2015 — after delivering what the group called excellent results during the reporting period.

The group's annual integrated financial report showed that Basson took home R49.7m in basic pay, and was awarded a one-off discretionary cash bonus adding another R50m.

In the report, the remuneration committee tackled questions from shareholders who sought clarity about the reason for Basson's total guaranteed pay being higher than market levels in South Africa (SA). The remuneration committee said as a major multinational retailer, the CEO's pay was geared to be internationally competitive and that Basson's shareholding in the organisation "aligns his interests with those of the shareholders over a long-term horizon". Globally, the retail environment was challenging and fast-paced. Recently, in SA, it has become a trend for retailers to recruit their CEOs from multinational retailers outside of SA. Hence, it is evident that the war for talent in this space is not confined to the African continent.

"It is common market knowledge that both locally and internationally, the group have outperformed its peer organisations over the past 10 years in terms of growth and shareholder return. This strong growth was the foundation for the group's expansion into Africa, with Shoprite being the largest retailer on the African continent for a number of years. Such growth is spearheaded by strong leadership," the committee said.

Adapted from: <http://www.bdlive.co.za/business/retail/2016/10/04/shoprite-defends-whitey-bassons-r100m-pay>

- 2.1 Apply** Porter and Lawler's expectancy model (include an illustration of the model in your answer) to the above scenario to possibly explain how Whitey Basson remained motivated to be entrepreneurial in his job as CEO of Shoprite. *[Mark allocation is as follows: include a diagram for 4 marks, explain how motivation is determined for 3 marks and 3 marks for reasons from the case study why Basson was motivated.]* (10)
- 2.2** Each one of the three (3) management levels has key managerial responsibilities that enhance successful entrepreneurial efforts. **Summarise** the responsibilities of each management level into a single table. *[Mark allocation: 1 mark for listing the three management levels and 1 mark for each correctly described responsibility per management level.]* (14)
- 2.3 Discuss** five (5) human resource management (HRM) policy areas and associated practices that organisations may implement to encourage entrepreneurship. *[The mark allocation is as follows 1 mark for describing the policy area and 1 mark for describing a practice associated with it.]* (10)
- 2.4 List** any three (3) generally accepted characteristics associated with the entrepreneurial personality. (3)

**QUESTION 3****[31]**

3.1 List any four (4) elements of an entrepreneurial culture. (4)

3.2 The entrepreneurial performance of an organisation at a given point in time is reflected in the entrepreneurial intensity (EI) score of the entrepreneurial health audit. Read the following case study and answer the question that follows:

**The Rise of iFix: one of Africa's largest specialist repair services**

Alex Fourie has always been an entrepreneur. His ambitions were kindled in 2007, when the iFix founder wanted to solve his own problem, to fix his iPod. Eventually his friends had the same problem, and he soon started repairing devices out of his dorm room in the South African town, Stellenbosch.

Fast forward eight odd years to April 2015, and Fourie is opening two new iFix branches: one in George and the other in Nelspruit, raking up the total to 11 stores across South Africa. Scattered across Johannesburg through to Cape Town, these shops are repairing over an average of 10 000 Apple and Samsung products a month.

These specialist repair shops are also sprouting up alongside curious in-house product lines such as the stylish wooden device casings and accessories brand, Houdt, as well as mobile charging stations called RiCharge.

Fourie is also behind iSureFix — an affordable protection plan for your Apple products — and uFix, which is a Do-It-Yourself (DIY) Apple repair kit and one-of-a-kind for Africa.

Speaking about the company's successful growth path over the years, Fourie explained that a lot of it has to do with his just-do-it approach as well as a strong focus on excellence.

"When you do something (and a lot of people will tune me for saying this) don't even worry about the paperwork, just do stuff," he said over a phone interview. "Worry about the red tape after." Fourie said that a focus on excellence has helped the company edge its way closer to winning the hearts of the local market.

"Excellence isn't a result of one or two good decisions," he explained. "It's a result of thousands of small, good decisions. A bunch of above average-decisions will culminate over time. Everything you do, do it well and the rest will sort itself out."

Named one of Forbes' 30 Most Promising Young Entrepreneurs in Africa 2014, Fourie told Ventureburn that he is starting to gear up iFix to expand into the rest of Africa after securing its second round of funding. Two more South African branches were set to open up by June 2015.

Adapted from: <http://ventureburn.com/2015/04/ifix-africa-repair-service-alex-fourie/> by Jacques Coetzee on 2 April, 2015

**Apply** the EI step of the entrepreneurial health audit to the iFix case study. (13)

*[Mark allocation: 1 mark for describing how EI is measured. For each EI element a mark for identifying (1), describing (1) and providing an example from the case study (1).]*

**3.3 Describe** the elements of a control system broadly. (4)

**3.4 Discuss** critically any ten (10) crucial elements of an entrepreneurial philosophy of control. (12)

#### **QUESTION 4** [26]

**4.1 Use** the Model of Middle-Level Managers' Entrepreneurial Behaviour as a guideline. **Identify** (1 mark) and **explain** (1 mark) the actions that middle managers must take to ensure that entrepreneurship contributes to the success of organisations. (12)

4.2 **List** any four (4) shortcomings of a corporate entrepreneur that may jeopardise entrepreneurial initiatives in organisations. (4)

4.3 Corporate entrepreneurs can build adaptive organisations in several ways. **Identify** and **explain** four (4) approaches that the entrepreneurial manager can use to build an adaptive modern organisation. *[Mark allocation is as follows, 1 mark for listing the approach and 1 mark per factual explanation included.]* (10)

### END OF ASSESSMENT

---