



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Business Management
CAMPUS	SWC
MODULE NAME	Entrepreneurial Growth Strategies A
MODULE CODE	EGS01A1 & EGS0A01
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Final Summative Assessment May 2019

ASSESSMENT DATE	25 May 2019	SESSION	One (08:30-11:00)
ASSESSOR	Mr D Rossouw		
MODERATOR	Prof D Poee		
DURATION	150 minutes	TOTAL MARKS	125

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	10
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INFORMATION/INSTRUCTIONS:

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- This is a closed-book assessment.
 - Question papers must be handed in together with your answer books.
 - Read the questions carefully and answer only what is asked.
 - Answer all the questions:
 - Answer **Section A** on the multiple choice sheet provided. Indicate the correct answer as per the instructions on the multiple choice sheet.
 - Answer **Section B** in the answer book.
 - Number your answers clearly.
 - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
 - Structure your answers by using appropriate headings and subheadings.
 - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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SECTION A**[25 MARKS]****QUESTION 1**

Economics is the study of how individuals, businesses and institutions make social choices to optimise their level of _____ under conditions of scarcity.

- A income
- B satisfaction
- C wealth
- D growth

QUESTION 2

The _____ of an activity is the value of the next best alternative that must be forgone in order to undertake this activity.

- A profit margin
- B input cost
- C exchange rate
- D opportunity cost

QUESTION 3

_____ is the pleasure, happiness or satisfaction obtained from consuming a good or service.

- A Utility
- B Usage
- C Consumption
- D Contentment

QUESTION 4

Rational _____ maximise the profit of the business with cost constraints and certain production techniques.

- A clients
- B consumers
- C customers
- D producers

QUESTION 5

_____ analysis occurs when comparing 'additional' benefits with 'additional' costs – usually during decision making.

- A SWOT
- B Environmental
- C Marginal
- D Business

QUESTION 6

Which are the 'other things' you should know about economic principles?

- (i) Generalisation
- (ii) Fairness
- (iii) Other-things-equal
- (iv) Graphical expression

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (ii), (iii) and (iv)

QUESTION 7

_____ is concerned with individual units, such as a person, a household, a firm or an industry.

- A Microeconomics
- B Econometrics
- C Macroeconomics
- D Social economics

QUESTION 8

To say the Gross Domestic Product of South Africa grew 0.6% in the third quarter of 2018 compared to the previous quarter, would be an example of _____.

- A quantitative economics
- B normative economics
- C negative economics
- D positive economics

QUESTION 9

The need to make choices because economic wants exceed economic means, is known as an individual's _____ problem.

- A economising
- B personal
- C budgeting
- D income

QUESTION 10

Which of the following are economic resources, also known as factors of production?

- (i) Entrepreneurial ability
- (ii) Land
- (iii) Labour
- (iv) Capital

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 11

Which of the following are assumptions of the production possibility model?

- (i) Full employment
- (ii) Fixed resources
- (iii) Fixed technology
- (iv) Three goods

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 12

Real _____ is the total value of all final goods and services produced in a given year within the borders of the country.

- A GNP
- B PPI
- C NDP
- D GDP

QUESTION 13

Society can increase its real output and income by _____.

- A increasing outputs of resources
- B increasing the productivity of inputs
- C decreasing the inputs of resources
- D decreasing the productivity of inputs

QUESTION 14

Which of the following would be present during the peak phase of a business cycle?

- (i) Business activity reaches a temporary maximum.
- (ii) Economy is near full employment.
- (iii) Price level is about to fall.
- (iv) Real output is close to the economic capacity.

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 15

Most economists, however, believe that the immediate cause of cyclical changes is a change in the level of total _____.

- A spending
- B income
- C remuneration
- D revenue

QUESTION 16

Which of the following will be mostly influenced by the business cycle?

- (i) The property market
- (ii) The manufacturing of mining machinery
- (iii) The automotive industry
- (iv) Bread sold by the local supermarket

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 17

Which of the following development goals are to be achieved to promote entrepreneurship?

- (i) Job creation
- (ii) Equity and participation
- (iii) Wealth utilisation
- (iv) Social stability

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 18

_____ are described as the most powerful agents of change in an industry and directly influence the competitive situation within the industry environment.

- A Forces
- B Factors
- C Influences
- D Drivers

QUESTION 19

Which of the following factors dictate a personal entrepreneurial orientation?

- (i) Creativity and innovation
- (ii) Autonomy
- (iii) Risk-taking
- (iv) Reactiveness

Choose the correct combination:

- A (i), (ii) and (iii)
- B (i), (iii) and (iv)
- C (i), (ii), (iii) and (iv)
- D (i), (ii) and (iv)

QUESTION 20

Which of the following are characteristics of a growing and successful business?

- (i) Product leadership
- (ii) Differentiation
- (iii) Market domination
- (iv) Flexibility

Choose the correct combination:

- A (i), (ii) (iii) and (iv)
- B (i), (iii) and (iv)
- C (i), (ii), and (iii)
- D (i), (ii) and (iv)

QUESTION 21

_____ refers to planning, organising, leading and controlling human and other resources to achieve the goals of the business.

- A Communication
- B Management
- C Coordination
- D Delegation

QUESTION 22

Which cycle is applicable to the business as a whole?

- A PLC
- B VLC
- C ILC
- D Business cycle

QUESTION 23

A _____ strategy is followed when an advantage is gained by being the most efficient operator and competing in the market on the basis of a consequent price advantage.

- A specialisation
- B cost leadership
- C differentiation
- D focus

QUESTION 24

Geely Holding Group, a Chinese car manufacturer, bought Volvo Cars, a Swedish car manufacturer in 2010. This is an example of _____.

- A conglomerate diversification
- B lateral integration
- C vertical integration
- D horizontal integration

QUESTION 25

Both start-up and existing businesses that want to grow need to fund their business operations. Which of the following do they need to consider before doing this?

- (i) The assets that need to be financed
- (ii) The appropriate term to finance the assets
- (iii) The appropriate mix of finance
- (iv) The staff turnover of the business

Choose the correct combination:

- A (i), (ii) (iii) and (iv)
- B (i), (iii) and (iv)
- C (i), (ii), and (iii)
- D (i), (ii) and (iv)

SECTION B**[100 MARKS]****QUESTION 1****[10 MARKS]**

Discuss the three characteristics that distinguish an entrepreneurial venture from a small business.

QUESTION 2**[20 MARKS]**

Read the scenario below and answer the question that follows.

The macro environment

1. More women are following professional careers.
2. Higher fuel prices that negatively affect SA's businesses.
3. High crime rate threatens confidence in the economy.
4. Worldwide recession.
5. Global competition is high.
6. South Africa is currently experiencing a recession.
7. The relative strong Rand makes imports cheaper.
8. Interest rates are decreasing.
9. Inflation rate is higher than expected.
10. Instability in some African countries makes investing risky.
11. Oil prices are volatile.
12. High unemployment rate and poverty lead to weak purchasing power.
13. Urbanisation is still taking place, which brings more people in contact with the formal economy.
14. Well-planned financial policies by the government.
15. There is a significant shortage of highly trained people in South Africa.
16. Internet and social media will improve communication for employees and executives.
17. Rigid labour laws complicate the management of businesses.
18. Storms and natural disasters can disrupt the availability of resources.
19. The government encourages business by supporting a free market economy.
20. The possibility of water scarcity should be seen as a great risk.

Categorise each of the above external environmental factors into one of the following sub-environments of the macro environment:

- International
- Economic
- Technological
- Social
- Physical
- Political

QUESTION 3**[16 MARKS]**

Fully discuss the four perspectives (types of growth) from which an entrepreneur has to view growth and development of a venture.

QUESTION 4**[14 MARKS]**

Fully discuss how the four P's of marketing could be used in each stage of the venture life cycle to position for a competitive advantage. Also describe the impact of cash flow over these stages.

QUESTION 5**[20 MARKS]**

Read the scenario below and answer the question that follows.

LeatherShoes Pty (Ltd)

Musa is the managing director of LeatherShoes Pty (Ltd), a shoe manufacturing company located in the North West province, near Mafikeng. LeatherShoes manufactures men's and ladies' shoes for various upmarket chain stores in South Africa. It follows the latest international fashion trends with its designs, but also maintains an African touch. Quality is not negotiable. All shoes need to be flawless when they leave the manufacturing floor.

Like most other businesses in South Africa, the downward trend in the economy has negatively influenced the sales figures of LeatherShoes. In order to reduce the risk of a further decline in sales, Musa and his directors decide to compile a strategic plan. They thought it money well spent if they hire you to assist them in the strategic planning and implementation process.

As part of the strategic plan, you are requested to develop a **vision, mission statement** and **five strategic goals** for next week's break-away workshop. You may use your own assumptions and applicable practical examples to support your answer.

QUESTION 6**[20 MARKS]**

External finance means that a business needs to obtain funding from outside the business and will incur debt. Briefly discuss any ten of these types of debt financing.

END OF ASSESSMENT