



FACULTY/COLLEGE	College of Business and Economics
SCHOOL	Johannesburg Business School
DEPARTMENT	Business Management
CAMPUS	SWC
MODULE NAME	Entrepreneurship 1A
MODULE CODE	ENT01A1/ENT11A1
SEMESTER	First
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ASSESSMENT DATE	July 2019	SESSION	
ASSESSOR	Mr Lawrance Seseni		
MODERATOR	Mrs Joyce Sibeko		
DURATION	120 minutes	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	15
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INSTRUCTIONS:

- 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 scanner sheet provided. Indicate the correct answer as per the instructions on the scanner 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.**

SECTION A**[40 MARKS]****Answer all questions****QUESTION 1**

Entrepreneurial orientation is determined by personal orientation, culture, _____, family and work experience.

- A friends
- B talent
- C education
- D knowledge

QUESTION 2

Personal entrepreneurial orientation is based on three characteristics:

- Creativity
- Potential for growth
- Strategic _____.

- A plans
- B objectives
- C management

QUESTIONS 3

The four distinct phases of the entrepreneurial process are:

- Identifying and evaluating the opportunity
- Developing the business plan
- Determining the _____ required
- Starting and managing the enterprise

- A finance
- B location
- C resources
- D personnel

QUESTION 4

The evaluation of business ideas is done through a _____ and a _____.

- A financial advisor; consultant
- B consultant; feasibility study
- C feasibility study; viability study
- D financial analysis; marketing plan

QUESTION 5

The viability study focuses primarily on:

- A The ability of the entrepreneur to pursue the idea and to match his/her skills with what is required.
- B The market and profit potential of the idea.

QUESTION 6

Client service, as a managerial success factor, requires special focus, because _____.

- A the client is always right
- B the client is mostly right
- C it is a behaviour over which entrepreneurs have control
- D it is a behaviour over which the client has control

QUESTION 7

When entrepreneurs turn their love for sport and/or hobbies into a business venture, they can be said to have _____.

- A control
- B achievement
- C independence
- D passion

QUESTION 8

When a person has a high need for achievement, he or she _____.

- A does not like being tied down to rules and regulations
- B has a high level of motivation to excel
- C likes to be in control and has good delegating skills
- D establishes a sustainable competitive advantage within his or her ventures

QUESTION 9

Role models can be seen as support systems because they can _____.

- A develop relationships and trust with people with whom they come into direct contact
- B provide upcoming entrepreneurs with living, entrepreneurial examples
- C provide networking opportunities
- D both a and b

QUESTION 10

An example of a social network would be _____.

- A word-of-mouth advertising
- B a relationship between two neighbours
- C two or more entrepreneurs exchanging business cards
- D all of the above

QUESTION 11

Which one of the following answers fits the creative thinking model?

- A Person, process, product, press
- B Expertise, creative thinking, motivation
- C Person, motivation, press
- D Thinking skills, press, process
- E Product, press, process, expertise

QUESTION 12

There are various myths relating to creativity. Which one of the following is not a myth?

- A All new products were accidental discoveries.
- B You need to be intelligent to be creative.
- C Creativity is a trainable skill.
- D You need to be crazy to be creative.
- E Artists are the only creative beings.

QUESTION 13

Which one of the following is a potential barrier to creativity to the person?

- A Partner
- B Perception
- C Member
- D None of the above

QUESTION 14

The creative process is divided into different consecutive stages. Choose the answer that best describes these stages.

- A Awareness, verification, illumination, preparation, incubation
- B Preparation, awareness, illumination, verification, incubation
- C Awareness, preparation, incubation, verification, illumination
- D Awareness, preparation, incubation, illumination, verification
- E Awareness, preparation, verification, incubation, illumination

QUESTION 15

Which one of the following requirements does not belong to the preparation phase of the creative process?

- A Absorption
- B Openness to experience
- C Intuitive ability
- D Tolerance of ambiguity
- E Divergent thinking

QUESTION 16

When speaking of market structure, reference is made to _____.

- A the number of sellers present in a market
- B the size distribution of buyers
- C product diversification
- D market conditions
- E the number of sellers present

QUESTION 17

Organisational _____ occur(s) when an organisation refuses to adapt in a responsive manner to changes that occur in the marketplace.

- A problems
- B growth
- C bureaucracy
- D pains
- E inertia

QUESTION 18

Bigger or established businesses tend to leave gaps in the market because of _____.

- A failure to see the wood for the trees
- B overestimation of their importance
- C technological inertia
- D cultural differences
- E politicians getting involved

QUESTION 19

The _____ of opportunity refers to the time period available for creating new ventures.

- A time
- B door
- C gap
- D window
- E threshold

QUESTION 20

At the moment, the government is seriously involved in efforts to bolster and support _____ in numerous ways.

- A medium enterprises
- B factories
- C businesses
- D SMMEs
- E micro enterprises

QUESTION 21

Operating costs of the business include _____.

- i) people
- ii) facilities
- iii) money
- iv) promotion

- a) i, ii, iii
- b) i and iii
- *c) i, ii, iii, iv
- d) ii and iii
- e) ii, iii, iv

QUESTION 22

For the entrepreneur to break even:

- A gross profit percentage = mark-up percentage.
- B cost of sales = gross profit.
- C budgeted gross profit = budgeted sales.
- D net profit = gross profit.
- E gross profit = estimated operating cost.

QUESTION 23

When the entrepreneur completes the financial section of the business plan, he or she needs to draw up the following:

- i) A pro forma cash flow statement
- ii) A pro forma income statement
- iii) A pro forma budget
- iv) A pro forma balance sheet

- A i, ii, iv
- B i, ii, iii
- C i, ii, iii, iv
- D i, iii, iv
- E ii, iii, iv

QUESTION 24

Which one of the following is not a situation that may require a different type of business plan?

- A Planning a new business
- B Planning business operations
- C Expanding an existing business
- D Creating a strategic document
- E Obtaining a loan

QUESTION 25

When developing a business plan to attract shareholders the emphasis should be on _____.

- A the position of the business in relation to competitors
- B whether a business licence can be obtained
- C the strategy to achieve profits and growth projections
- D the credit rating of the business
- E an independent valuation of the business done by a professional valuator

QUESTION 26

The logical grouping of tasks that can be performed by one person is called:

- A Job specification
- B Job delegation
- C Job description
- D Job scope
- E All of the above

QUESTION 27

Fixed assets could best be described as:

- A Assets which were broken, but which have been fixed
- B Buildings and equipment
- C Investments and unit trusts
- D Raw materials
- E None of the above

QUESTION 28

Information about the environment needed by the entrepreneur to make decisions, could be divided into which of the following categories?

- A Important and unimportant
- B Decisive and non-decisive
- C External and internal
- D Critical and non-critical
- E All of the above

QUESTION 29

Which of the following entities could be considered a source of information?

- A Science councils
- B Trade associations
- C The Internet
- D Financial institutions
- E All of the above

QUESTION 30

Financial resources can be defined as:

- A Resources that take the form of or could be converted into cash
- B Only cash
- C Financial statements
- D Cheques
- E Your own debt

QUESTION 31

Sikulume wants to start Sikulume's Motors and will be in the business on his own. Which of the following legal forms could Sikulume use?

- A Sole proprietorship; close corporation; private company
- B Partnership; close corporation; sole proprietorship
- C Close corporation; private company; partnership
- D Private company; sole proprietorship; partnership
- E All of the above

QUESTION 32

Which one of the following statements is wrong?

- A Vulture and Eagle CC may have one to ten members.
- B Owlglass (Pty) Ltd pays company tax.
- C Puff Adder Ltd publishes the results of its audit.
- D Bluebottle & Partners pay tax before the profit is distributed.
- E None of the above.

QUESTION 33

Which one of the following statements is true concerning Bluebottle & Partners and Owlglass (Pty) Ltd?

- A Bluebottle & Partners pay no company tax, while Owlglass (Pty) Ltd pays company tax.
- B Both have shareholders whose liability is unlimited.
- C Both have an annual audit.
- D Bluebottle & Partners and Owlglass (Pty) Ltd have the same maximum number of people involved.
- E None of the above.

QUESTION 34

Jackal Ltd and Wolf (Pty) Ltd both have _____.

- A an annual audit with the results being published
- B the same number of shareholders
- C a constitution comprising articles and a memorandum
- D shares sold to the general public
- E none of the above

QUESTION 35

A public company and a private company are similar in that _____.

- A both have the same ability to attract capital
- B both are required to publish their financial statements
- C both have a limited number of shareholders
- D their shareholders have limited liability
- E none of the above

QUESTION 36

A shopping centre is a good location for a business that _____.

- A needs parking
- B deals in fast moving consumer goods
- C a and b
- D needs security
- E none of the above

QUESTION 37

The following type of risk can be found in a new business venture:

- A Loss of profit
- B Competition
- C Bad employees
- D Personal risk
- E Reduction

QUESTION 38

Bills payable and promissory notes are _____ and are used mostly to replace trade credit.

- A negotiable instruments
- B financial means
- C long-term credit
- D overdraft facilities
- E term loans

QUESTION 39

Factoring refers to the raising of funds by the sale of _____ to a third person.

- A fixed assets
- B factors
- C trade creditors
- D book debts
- E machinery and equipment

QUESTION 40

_____ is one of the most popular methods of financing for fixed assets such as machinery, equipment, furniture, etc.

- A Trade credit
- B An instalment sale transaction
- C Shipper's finance
- D An overdraft
- E A personal loan

SECTION B**[60 MARKS]****QUESTION 1****[5 Marks]**

Define the term 'entrepreneurial venture'.

QUESTION 2**[4 Marks]**

One place where one would expect to find entrepreneurial human resources is at a university or a university of technology. Identify four programmes that the trust uses to encourage entrepreneurship.

QUESTION 3**[6 Marks]**

Graphically illustrate the bases of competitive advantage.

QUESTION 4**[5 Marks]**

Push factors are those factors that encourage entrepreneurship due to traditional jobs being less attractive for an individual who does not have any other career choice or option. Identify five factors that can lead people into being pushed to entrepreneurship.

Read the case study below and answer Questions 5 to 12 that follow:

Hair Me Out**Founders: Ms Delicia Kasenge and Ms Zandile Baloyi****Established: June 2018****Change your hairstyle for a day with Hair Me Out**

Offering both wig rentals and sales, Hair Me Out is shaking up the industry.

As women, we've all been there – wanting to change our hair temporarily for a big day, but without the exorbitant price tag. Wish no longer. Hair Me Out offers both a wig rental option and an opportunity to buy one.

Social media manager, Delicia Kasenge (29), and market research analyst, Zandile Baloyi (25), created the business in June 2018.

"We found that for magazine shoots and trendy events/shows, people would ask to hire our wigs for a night or two because it worked with a certain look they were going for," they say. When they did further research, they found people had an interest in wigs for short-term periods.

"We then started buying different kinds of wigs that we thought consumers would like and from this, decided to formalise it as the business offering we now call Hair Me Out."

Humble beginnings

Starting with a self-funded, modest capital base of R25 000, the duo now has 20 wigs, and counting.

They started the business because they saw a gap in the hair and beauty industry. “From the contacts and teachings, we managed to garner over the years, it was a matter of putting two and two together,” they said.

“We strongly believe that this is a viable service offering and given the current landscape of the economy, this couldn’t have been a more opportune time to explore innovative service offerings that have the consumers’ pockets in mind.”

They believe they also offer an experience because they educate clients, offer advice about the dynamics of the hair industry and allow people to be who they want to be.

Their clients

So far, their clients include beauty and entertainment professionals who need wigs for shoots/show/music videos, students who explore different styles but have limited budgets, working professionals who are conscious about their spending habits, and older women who “don’t believe in spending thousands of rands on hair but would like to be different on one or two occasions”.

They admit, however, that not everyone is open to the idea of renting wigs. “Some have been sceptical, while others saw this as a great opportunity to cater for people attending events/special occasions — such as weddings, graduations, photo and video shoots, A-class events — and only require the hair for the one day or event.”

How it works

In terms of sales, Hair Me Out works like other hairpiece businesses. The client places an order online, makes a full payment, and delivery is done in three to five working days.

Rentals, they say, work similarly to those at a costume store:

- A client sends a request to Hair Me Out or fills out a booking form, accessed from the link in their Instagram bio (@hairmeoutza).
- Hair Me Out issues a quote and an agreement form to the client.
- Client agrees, makes payment, and returns the signed agreement form.
- Hair Me Out delivers the wig and conducts inspection with the client.
- Upon return of the hair, the wig is fully inspected by a Hair Me Out representative and the client.
- If all is in order, the deposit is returned to the client.

“Hygiene is our number one priority and key performance indicator,” Kasenge and Baloyi add.

“When we deliver any piece to a client, a full inspection is done by both ourselves and the client to ensure that the hair is in good condition. We also provide each client with a wig sock and insist they put it on prior to wearing the wig — this is included in the rental fee.

“Upon return, we encourage clients not to wash or treat the hair, as we have hair gurus within industry who wash and treat the pieces to perfection. We treat and wash our wigs after every rental.”

So far, the only challenge they can identify is not having wigs for every client who approaches them, so they are working on duplicating styles and building their collection to represent a more diverse and dynamic range.

In five years, the pair hopes to have a physical space so clients can actually come in and try on different wigs. They want to have three more stores in three different places in the country.

Words of wisdom

Baloyi and Kasenge say that no matter how outrageous a business idea may seem; it should be interrogated.

“You have nothing to lose – the economy needs more entrepreneurs; more people taking risks to advance our country and grow investor interests.”

<https://www.destinyconnect.com/2019/03/11/change-your-hairstyle-for-a-day-with-hair-me-out/>

QUESTION 5

[6 Marks]

There are hundreds of creativity techniques that will assist you to think and act creatively, generate ideas and even analyse opportunities in the marketplace. Identify and discuss five techniques that Ms Kasenge and Ms Baloyi can use to stimulate creativity.

QUESTION 6

[5 Marks]

The lack of sustainable markets for entrepreneurs’ products and services is one of the major challenges faced by SMMEs. Discuss five ways in which Ms Kasenge and Ms Baloyi can address this.

QUESTION 7**[5 Marks]**

Bigger or established businesses tend to leave gaps in the market for numerous reasons. Discuss the five most common reasons why bigger business leave gaps in the market for small entities such as Hair Me Out to capitalise on.

QUESTION 8**[6 Marks]**

The business that the entrepreneur chooses is influenced by several reasons. Briefly discuss the criteria that Ms Kasenge and Ms Baloyi may have used selecting their form of ownership.

QUESTION 9**[4 Marks]**

Some innovations are totally new and novel. Others are not that new, but have unique features added and developed over time. Discuss the four types of innovation that Ms Kasenge and Ms Baloyi should be aware of.

QUESTION 10**[4 Marks]**

Identify if this is an entrepreneurial venture or a small business. Find evidence from the case study to support your answer.

QUESTION 11**[4 Marks]**

The South African government imposes two main types of tax, namely direct and indirect tax. Discuss four kinds of direct tax that Ms Kasenge, Ms Baloyi and their business will have to pay.

QUESTION 12**[6 Marks]**

Quite often new business ventures pay insufficient attention to risk management or even to the exposure of the firm. Discuss three types of risk that Ms Kasenge and Ms Baloyi may be exposed to and provide an example for each type of risk. Your examples must be related to the case study.

END OF ASSESSMENT