Tutorial letter 101/3/2016

Introduction to Entrepreneurship and Small Business Management

MNE2601

Semesters 1 & 2

Department of Business Management

IMPORTANT INFORMATION:

This tutorial letter contains important information about your module.
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<td>13</td>
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<td>14</td>
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<tr>
<td>15</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

Dear Student

We have pleasure in welcoming you to this module in Entrepreneurship and Small Business Management and trust that you will find it a rewarding and interesting area of study. We will do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and resolve to do the assignments properly.

You will receive a number of tutorial letters during the year. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

This tutorial letter contains important information about the scheme of work, resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignments, preparing for the examination and addressing questions to your lecturers.

Please read Tutorial Letter 301 (MNALLEQ/301/4/2016) in combination with Tutorial Letter 101 as it gives you an idea of generally important information when studying at a distance and within a particular college.

In Tutorial Letter 101, you will find the assignments and assessment criteria as well as instructions on the preparation and submission of the assignments. This tutorial letter also provides all the information you need with regard to the prescribed study material and other resources and how to obtain it. Please study this information carefully and make sure that you obtain the prescribed material as soon as possible.

A section on general and administrative information about this module has been included in this tutorial letter. Please study this section of the tutorial letter carefully.

Right from the start we would like to point out that you must read all the tutorial letters you receive during the semester immediately and carefully, as they always contain important and, sometimes, urgent information.

Some of this tutorial matter may not be available when you register. Tutorial matter that is not available when you register will be posted to you as soon as possible, but is also available electronically on myUnisa.

We hope that you will enjoy this module and wish you all the best!

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

The purpose of this module is for you to acquire a basic understanding of entrepreneurship and to develop an understanding of general entrepreneurial concepts. This module will prepare you to start your own business in a South African context. It will also provide a foundation for all later modules in Entrepreneurship and Small Business Management.

2.2 Outcomes

This module is based on the outcomes-based approach to education and training. You will therefore find a number of learning outcomes at the beginning of each topic. These learning outcomes guide you through the learning material and inform you of what you may be expected to demonstrate in the assessment processes, that is, in the assignments and the examination.
The following are the learning outcomes for this module:

- Discuss entrepreneurship in a South African context.
- Identify requirements for becoming a successful entrepreneur.
- Explain the entrepreneurial process and how to start a business.
- Explain alternative routes to entrepreneurship.

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)
The contact details for the lecturer responsible for this module are as follows:

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>e-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr RW Kok</td>
<td><a href="mailto:kokrw@unisa.ac.za">kokrw@unisa.ac.za</a></td>
</tr>
<tr>
<td>Primary Lecturer</td>
<td></td>
</tr>
</tbody>
</table>

Details of other lecturers in the section: Entrepreneurship (degree courses) are as follows:

<table>
<thead>
<tr>
<th>Lecturer</th>
<th>E-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms MJ Phillips</td>
<td><a href="mailto:phillmj@unisa.ac.za">phillmj@unisa.ac.za</a></td>
</tr>
<tr>
<td>Secondary Lecturer</td>
<td></td>
</tr>
<tr>
<td>Dr NS Radipere</td>
<td><a href="mailto:radipns@unisa.ac.za">radipns@unisa.ac.za</a></td>
</tr>
<tr>
<td>Section Head: Entrepreneurship</td>
<td></td>
</tr>
</tbody>
</table>

Only academic queries that are about the content of this module should be directed to the primary lecturer, but not administrative queries. Please have your study material with you when you contact us.

E-mail addresses are included above. Should you wish to write to us, letters may be sent to:

The Module Leader (MNE2601)
Department of Business Management
PO Box 392
Unisa
0003

PLEASE NOTE: Letters to lecturers may not be enclosed with or inserted into assignments.

3.2 Department
Please note that all calls should be directed to the Business Management Department Help Desk. From here enquiries will be directed to the relevant lecturer. The details of the Departmental Help Desk are as follows:
3.3 University

If you need to contact the university about matters not related to the content of this module, please consult the publication *my Studies @ Unisa* that you received with your study material. This booklet contains information on how to contact the university (for example, to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when you contact the university.

<table>
<thead>
<tr>
<th><strong>Unisa website</strong></th>
<th><a href="http://www.unisa.ac.za">http://www.unisa.ac.za</a> &amp; <a href="http://mobi.unisa.ac.za">http://mobi.unisa.ac.za</a></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All study-related information is now available on the new Unisa corporate website in both web and mobi formats.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>myUnisa</strong></th>
<th><a href="https://my.unisa.ac.za/portal">https://my.unisa.ac.za/portal</a></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><a href="https://my.unisa.ac.za/portal/pda">https://my.unisa.ac.za/portal/pda</a></td>
</tr>
<tr>
<td></td>
<td>Students can access their own information via myUnisa website or mobi site.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>E-mail</strong></th>
<th><a href="mailto:info@unisa.ac.za">info@unisa.ac.za</a></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Students may send an e-mail to <a href="mailto:info@unisa.ac.za">info@unisa.ac.za</a> for information on how to contact Unisa via e-mail.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SMS</strong></th>
<th>32695 – Only for students in South Africa. Students may send a SMS to 32695 for more information on how to contact Unisa via SMS. The sender will receive an auto response SMS with the various SMS options. The cost to the student per SMS is R1.00.</th>
</tr>
</thead>
</table>

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<tr>
<th><strong>Fax</strong></th>
<th>012 429 4150</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Students will be able to fax their enquiries to this number. From here it will be distributed to the relevant department to be processed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Physical address</strong></th>
<th>University of South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Preller Street</td>
</tr>
<tr>
<td></td>
<td>Muckleneuk</td>
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<tr>
<td></td>
<td>Pretoria</td>
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<table>
<thead>
<tr>
<th><strong>Postal address</strong></th>
<th>University of South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PO Box 392</td>
</tr>
<tr>
<td></td>
<td>UNISA</td>
</tr>
<tr>
<td></td>
<td>0003</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Assignments</strong></th>
<th>Short SMS code: 43584</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Email address: <a href="mailto:Assign@unisa.ac.za">Assign@unisa.ac.za</a></td>
</tr>
<tr>
<td></td>
<td>Students may send an SMS or email to either of these contacts to enquire about assignments (e.g. whether or not the university has received your assignment or the date on which an assignment was returned to you). Assignment enquiries must not be addressed to the lecturer but the university.</td>
</tr>
</tbody>
</table>
4 MODULE-RELATED RESOURCES

4.1 Prescribed books

You cannot complete this module successfully without the prescribed book. Your prescribed book for this year is:


4.2 Recommended books

There are no recommended books for this module.

4.3 Electronic Reserves (e-Reserves)

There are no e-reserves for this module.

5 STUDENT SUPPORT SERVICES FOR THE MODULE

Important information regarding student support services appear in your my Studies @ Unisa brochure.

Please be informed that, with effect from 2013, Unisa offers online tutorials (e-tutoring) to students registered for modules at NQF level 5, 6 and 7 which means qualifying first year, second year and third year modules.

This module has e-tutors. After registration, you will be allocated to a group of students with whom you will be interacting during the tuition period as well as an e-tutor who will be your tutorial facilitator. Thereafter you will receive an sms informing you about your group, the name of your e-tutor and instructions on how to log onto myUnisa in order to receive further information on the e-tutoring process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa and are offered free of charge. All you need to be able to participate in e-tutoring is a computer with internet connection. If you live close to a Unisa regional Centre or a Telecentre contracted with Unisa, please feel free to visit any of these to access the internet. e-Tutoring takes place on myUnisa where you are expected to connect with other students in your allocated group. It is the role of the e-tutor to guide you through your study material during this interaction process. For you to get the most out of online tutoring, you need to participate in the online discussions that the e-tutor will be facilitating.

There are modules which students have been found to repeatedly fail. These modules are allocated face-to-face tutors and tutorials for these modules take place at the Unisa regional centres. These tutorials are also offered free of charge, however, it is important for you to register at your nearest Unisa Regional Centre to secure attendance of these classes.

6 MODULE-SPECIFIC STUDY PLAN

Use your my Studies @ Unisa brochure for general time management and planning skills.

7 MODULE PRACTICAL WORK AND WORK-INTEGRATED LEARNING

There are no practicals for this module.
8 ASSESSMENT

8.1 Assessment plan

The main purpose of the assignments is to encourage you to study the prescribed book, to read certain sections over and over again, and to think about the tutorial matter in terms of its practical application. With these remarks in mind, the questions may sometimes be difficult, and some may seem ambiguous. The idea is not to try to trick you or catch you out, but to make you think.

The formative assessment for MNE2601 takes place through a year-mark system. Both Assignments 01 and 02 are compulsory and you will be allocated a separate mark for each of these two assignments. The results of the two assignments will be used to calculate your year mark.

Your final assessment mark for this module will be a combination of the year mark and the examination mark.

The year mark (the weighted mark of the two assignments) will contribute a maximum of 20% to the final assessment mark for the module, while the examination mark will contribute 80%. Assignments 01 and 02 will each carry a weight of 50%.

Irrespective of the year mark obtained, a sub-minimum of 40% must be obtained in the examination. You will therefore not pass the module if your examination mark is less than 40%. In addition, if your examination mark is less than 40%, your year mark will not be used in the calculation of your final assessment mark. In this instance, the examination mark will therefore be the final assessment mark.

Please study the following examples to see how the assignment mark will contribute to the final assessment mark.

Example 1:

If you obtain 50% in Assignment 01, this mark is multiplied by 0.5 to give you 25% towards your year mark. If you obtain 60% in assignment 02, this mark is multiplied by 0.5 to give you 30% towards your year mark. The total mark of Assignments 01 and 02 (25% plus 30%) will constitute your final year mark of 55%. This figure is then calculated to give you a weight of 11% as your year mark (55% x 0.2%). If then you obtain 50% in the examination, this figure is multiplied by 0.8 to give you a weight of 40% examination mark. The two results are then combined to give a final assessment mark of 51% (11% + 40%) for the module.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>% obtained</th>
<th>Multiplier</th>
<th>Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 01</td>
<td>50%</td>
<td>0.5</td>
<td>25%</td>
</tr>
<tr>
<td>Assignment 02</td>
<td>60%</td>
<td>0.5</td>
<td>30%</td>
</tr>
<tr>
<td>Year mark (weighted mark)</td>
<td>55%</td>
<td>0.2</td>
<td>11%</td>
</tr>
<tr>
<td>Examination mark</td>
<td>50%</td>
<td>0.8</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Final assessment mark</strong></td>
<td></td>
<td></td>
<td><strong>51%</strong></td>
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</tbody>
</table>
Example 2: No marks for assignments; to pass you need 62% in examination
If you get an assignment mark of 0% for both assignments, you would have to obtain 62% in the examination to pass as this percentage is multiplied by 0.8 which equals 49.6% (50%), your final assessment mark.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>% obtained</th>
<th>Multiplier</th>
<th>Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 01</td>
<td>0%</td>
<td>0.5</td>
<td>0%</td>
</tr>
<tr>
<td>Assignment 02</td>
<td>0%</td>
<td>0.5</td>
<td>0%</td>
</tr>
<tr>
<td>Year mark (weighted mark)</td>
<td>0%</td>
<td>0.2</td>
<td>0%</td>
</tr>
<tr>
<td>Examination mark</td>
<td>62%</td>
<td>0.8</td>
<td>49.6%</td>
</tr>
<tr>
<td><strong>Final assessment mark</strong></td>
<td></td>
<td></td>
<td><strong>50%</strong></td>
</tr>
</tbody>
</table>

Example 3: With an examination mark below the sub minimum of 40% - the year mark will not count.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>% obtained</th>
<th>Multiplier</th>
<th>Mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 01</td>
<td>100%</td>
<td>0.5</td>
<td>50%</td>
</tr>
<tr>
<td>Assignment 02</td>
<td>100%</td>
<td>0.5</td>
<td>50%</td>
</tr>
<tr>
<td>Year mark (weighted mark)</td>
<td>100%</td>
<td>0.2</td>
<td>20%</td>
</tr>
<tr>
<td>Examination mark</td>
<td>39%</td>
<td>0.8</td>
<td>31.2%</td>
</tr>
<tr>
<td><strong>Final assessment mark</strong></td>
<td></td>
<td></td>
<td><strong>31%</strong></td>
</tr>
</tbody>
</table>

Please note:
Although students are allowed to work together on the completion of assignments, each student has to complete and submit his/her own assignment.

8.2 General assignment numbers
Assignments are numbered consecutively per module, starting from 01, 02 and 03.

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Assignment type</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 Compulsory</td>
<td>Multiple-choice assignment</td>
</tr>
<tr>
<td>02 Compulsory</td>
<td>Multiple-choice assignment</td>
</tr>
<tr>
<td>03 (not to be submitted)</td>
<td>Self-evaluation (essay questions)</td>
</tr>
</tbody>
</table>
8.2.1 Unique assignment numbers

<table>
<thead>
<tr>
<th>Semester 1</th>
<th>Semester 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment</td>
<td>Unique number</td>
</tr>
<tr>
<td>01 Compulsory</td>
<td>688303</td>
</tr>
<tr>
<td>02 Compulsory</td>
<td>623293</td>
</tr>
<tr>
<td>03 (not to be submitted)</td>
<td>None</td>
</tr>
</tbody>
</table>

8.2.2 Due dates for assignments

<table>
<thead>
<tr>
<th>Semester 1</th>
<th>Semester 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment</td>
<td>Due date</td>
</tr>
<tr>
<td>01 Compulsory</td>
<td>31 March 2016</td>
</tr>
<tr>
<td>02 Compulsory</td>
<td>21 April 2016</td>
</tr>
<tr>
<td>03 (not to be submitted)</td>
<td>None</td>
</tr>
</tbody>
</table>

8.3 Submission of assignments

Students may submit assignments completed on mark-reading sheets either by post or Mobile MCQ submission or electronically via myUnisa. Assignments may not be submitted by fax or e-mail.

For detailed information on assignments, please refer to the my Studies @ Unisa brochure.

To submit an assignment via myUnisa:

- Go to myUnisa.
- Log in with your student number and password.
- Select the module.
- Click on assignments in the menu on the left-hand side of the screen.
- Click on the assignment number you wish to submit.
- Follow the instructions.

8.4 Assignments

The university has a policy of compulsory assignments in all modules for 2016. Both Assignments 01 and 02 for MNE2601 are thus compulsory assignments. Admission will be obtained by submitting the assignments and not on the strength of the marks you obtain for it.
You will receive feedback on both Assignments 01 and 02 in Tutorial Letter MNE2601/201/1/2016 or MNE2601/201/2/2016. Please check your answers as soon as you receive the commentaries. The assignments, and the commentaries on them, constitute an important part of your learning and should help you to be better prepared for the examination.

9 OTHER ASSESSMENT METHODS

There are no other assessment methods for this module.

10 EXAMINATION

The examination is your opportunity to demonstrate that you have achieved the outcomes set for this module. Use your my Studies @ Unisa brochure for general examination guidelines and examination preparation guidelines.

10.1 Examination admission

Admission into the examination is granted on the submission of both assignments 01 and 02.

10.2 Examination period

This module is offered in a semester period of 15 weeks. This means that if you are registered for the first semester, you will write the examination in May/June 2016 and the supplementary examination will be written in October/November 2016. If you are registered for the second semester you will write the examination in October/November 2016 and the supplementary examination will be written in May/June 2017.

During the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

10.3 Examination paper

The duration of the examination paper for this module is two hours. The paper counts 70 marks and consists of two sections, A and B. Section A is compulsory and consists of 30 multiple-choice questions worth 1 mark each. Section B consists of long questions and case studies, and counts 40 marks. The examination paper will cover all prescribed work. Tutorial Letter MNE2601/201/1/2016 or MNE2601/201/2/2016 will contain more information regarding the examinations.

10.4 Previous examination papers

Previous examination papers will not be supplied by the lecturers. Previous examination papers are made available to students on myUnisa. Please do not contact your lecturers for copies of previous examination papers or to enquire about the availability of examination papers on myUnisa, as this is a function performed by the Examination Department. No further previous examination papers will be provided by your lecturers, and they can also not provide memoranda for the example papers that are provided.

You can, however, accept that examination questions will be similar to the questions asked in Assignment 01 and Assignment 02, the activities in your study guide and the essay-type questions in Assignment 03 (the self-assessment assignment).
11 FREQUENTLY ASKED QUESTIONS

The *my Studies @ Unisa* brochure contains an A-Z guide of the most relevant study information.

12 CONCLUSION

You are now ready to begin with this module. We trust that you will approach your studies with enthusiasm and commitment. You are welcome to contact us should you experience any problems with your studies. Should you apply yourself to your studies, it is more likely that you will attain success.

Kind regards

Mr RW Kok
Section: Entrepreneurship
Department of Business Management
School of Management Sciences
College of Economic and Management Sciences
Unisa
13 ADDENDUM A - Compulsory Assignments 2016 (Semester 1)

Assignment 01 (Semester 01)

<table>
<thead>
<tr>
<th>Assignment 01 (compulsory)</th>
<th>First semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due date</td>
<td>31 March 2016</td>
</tr>
<tr>
<td>Unique number</td>
<td>688303</td>
</tr>
</tbody>
</table>

This assignment consists of twenty five multiple-choice questions taken from chapters 1 to 6 and must be completed on a mark-reading sheet or you may submit it online via myUnisa. This assignment is based on the information in the prescribed book and study guide. Remember to write the unique number of the assignment on the mark-reading sheet.

1. The emergence and growth of a new business is referred to as …
   1 management
   2 entrepreneurship
   3 creativity
   4 development

2. Entrepreneurial orientation is determined by personal orientation, culture, …, family and work experience.?
   1 Friends
   2 Talent
   3 Personal development
   4 Education

3. Which of the following are the pull factors that encourage people to leave their jobs to become entrepreneurs?
   a) Recognition
   b) Independence
   c) Job frustration
   d) Retrenchment
   e) Achievement
   1 a b e
   2 a b c
   3 b a d
   4 c b e

4. Which one of the following is not regarded as entrepreneurial success factor?
   1 creativity
   2 leadership
   3 commitment
   4 education
5. The result of a leapfrog or significant breakthrough in, for instance, technology is called … innovation.
   1 incremental
   2 modular
   3 radical
   4 architectural

6. Together with characteristics and success factors, there are essential skills that entrepreneurs need in order for them to run and manage their businesses successfully. These include:
   a) Self-efficacy
   b) Managing conflict
   c) Locus of control
   d) Dealing with stress
   e) Planning
      1 a b e
      2 a b d
      3 b d e
      4 c e a

7. The sustainability section of a business plan should address, among others, …
   1 the management team
   2 employment opportunities
   3 projected capital equipment
   4 market evaluation

8. The attractiveness of a market is, among other factors, determined by market …
   1 share
   2 issues
   3 development
   4 conditions

9. Fill in the missing phase in the creativity process.

   | Discovery | Invention | ? | Patent |

   1 New product
   2 Idea
   3 Innovation
   4 Opportunity
10. Making a list of all existing and potential competitors and conducting a SWOT analysis for each competitor will help avoid the problem of … when compiling a business plan.
   1. lack of logical sequence
   2. failure to anticipate obstacles
   3. inappropriate market research
   4. ignoring competition

11. The annual tax levied on the income of individuals and trusts is referred to as … tax.
   1. value added
   2. secondary
   3. income
   4. dividends

12. Which one of the following is an example of an indirect tax?
   1. Company tax
   2. Transfer duty
   3. Income tax
   4. Dividends tax

13. A simplified tax system that applies to micro businesses with a qualifying turnover of not more than R1 million per annum is called … tax.
   1. turnover
   2. micro
   3. value added
   4. expenses

14. The form of business an entrepreneur chooses is influenced by the following considerations:
   a) Continuity
   b) Cost
   c) Market demand
   d) Personal liability
   e) Product/service
      1. a b d
      2. a c d
      3. b c e
      4. a c e

15. The registered exclusive right of an inventor to make, use or sell an invention is a …
   1. trademark
   2. patent
   3. copyright
   4. design
16. Resources that take the form of, or can be readily converted into cash, are resources.
   1 human
   2 physical
   3 information
   4 financial

17. In a(an) ..., one person conducts business in his or her own capacity with limited statutory requirements.
   1 close corporation
   2 ordinary partnership
   3 sole proprietorship
   4 business trust

18. Which of the following statements refer to cultural barriers to creativity?
   a) Distractions
   b) The unknown is unsafe
   c) Conventional venues in education and training
   d) Stereotyping exists
   e) To ask a question is not permitted
   1 b d e
   2 a b c
   3 b c d
   4 a c e

19. Phumla is engaged in the process of evaluating opportunities before she makes an exploitation goal decision. Phumla is known as a/an ... entrepreneur.
   1 established
   2 potential
   3 intentional
   4 start-up

20. Women entrepreneurs in South Africa play an important role in the economy of the country with regard to income and employment creation. A successful woman entrepreneur ...
   1 has been in business for longer than 2 years
   2 has representation in the boardroom
   3 has been in business for longer than 5 years
   4 has accepted traditional gender roles
21. Louis sits by the side of the road selling fruit and vegetables at a stall. Louis is referred to as a … entrepreneur.

1 small-scale
2 micro-
3 pre-
4 subsistence

22. Women who are motivated to start a business due to economic pressure and whose primary concern is to maintain profits by keeping overheads, wages and costs low are called … women business owners.

1 innovative
2 domestic
3 traditional
4 radical

Use the table below to answer questions 23 to 25 by matching the types of creativity in Column A with the action associated with it in Column B.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. Innovative</td>
<td>1 Modification (e.g. changing the existing into the more useful)</td>
</tr>
<tr>
<td>24. Inventive</td>
<td>2 Drawings or paintings as in artistic work</td>
</tr>
<tr>
<td>25. Expressive</td>
<td>3 Completely new concepts or assumptions</td>
</tr>
<tr>
<td></td>
<td>4 Techniques or processes that assist in producing final products and services</td>
</tr>
<tr>
<td></td>
<td>5 New ideas or products as the result of exploration, discovery or invention (e.g. scientists)</td>
</tr>
</tbody>
</table>

TOTAL: 25
1. Quite often business ventures pay insufficient attention to risk management. Risk exists because valuable resources are committed to a venture. Which one of the following is an example of customer risk?
   1. Shoplifting
   2. Product liability
   3. Fire
   4. Employee dishonesty

2. The process of starting a business is based on the fundamentals of management. The gathering of resources, meeting legal requirements, finding a site for the business and deciding on a legal form of business is part of …
   1. control
   2. planning
   3. organising
   4. leading

3. Why does a small business need a quality system?
   1. To open up new market opportunities or maintain market share
   2. In order to implement safety programmes
   3. For accurate reporting of financial information
   4. To provide an accurate, thorough picture of operating results

4. The financial plan forms an important part of the total business plan and is generally referred to as budgeting. A budget is …
   1. seen as capital expenditure
   2. the total assets and liabilities
   3. a cash flow statement
   4. a forecast of future events

5. Instances where a business decides to bear the risk or accept it as part of the business is referred to as risk …
   1. retention
   2. avoidance
   3. transfer
   4. reduction
6. In companies members are referred to as … and their contributions convert to …
   1 shareholders, share capital
   2 shareholders, capital accounts
   3 partners, members contribution
   4 partners, share capital

7. Short-term finance refers to finance that is normally repayable or reviewed within 12 months. Which one of the following is an example of short term finance?
   1 Leasing finance
   2 Bank credit
   3 Equity capital
   4 Ordinary shares

8. What are the traps that an entrepreneur should avoid when buying an existing business?
   a) Opportunity cost
   b) Timing
   c) Greed
   d) Legal circumference
   e) Legal commitments
   1 a b e
   2 b c e
   3 a c d
   4 c d e

Use the table below to answer questions 9 to 11 by matching the stages in the process of attracting investors in Column A with the action associated with it in Column B.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Deal selection</td>
<td>1 The way the entrepreneur and investor make contact.</td>
</tr>
<tr>
<td>10. Deal structuring</td>
<td>2 Initial evaluation to make sure the deal is right for the investor.</td>
</tr>
<tr>
<td>11. Making contact</td>
<td>3 Detailed evaluation to assess risk and return.</td>
</tr>
<tr>
<td></td>
<td>4 Investor’s entry and exit strategy.</td>
</tr>
<tr>
<td></td>
<td>5 Monitoring, control and support given by the investor.</td>
</tr>
</tbody>
</table>

12. An entrepreneur can incur costs in the process of raising finance in the form of advertising, travelling and brochures. These costs are referred to as … costs.
   1 upfront
   2 legal
   3 marketing
   4 banking
13. What do venture capitalists look for in terms of an attractive business opportunity?
   1. Size of investment
   2. Global growth potential
   3. Industry sector
   4. Feasible business concept

14. Thabo is an entrepreneur and has decided to buy a Spur franchise. The monthly fee that Thabo has to pay Spur for the right to operate the franchise is called …
   1. a marketing fee
   2. royalties
   3. a franchise fee
   4. a lump sum

15. The type of franchise where manufacturers use franchises to distribute their product lines is called …
   1. a dealership
   2. services
   3. a business format
   4. substantial

16. Which one of the following is an advantage of a franchise from the franchisee’s viewpoint?
   1. Rapid expansion
   2. Ongoing assistance
   3. High set-up costs
   4. Reduced income

17. The … based method of valuing a business is where the value of the business is determined by equity that is the total assets minus the liabilities.
   1. earnings
   2. market
   3. asset
   4. profit

18. Non-quantitative factors that can be taken into consideration when valuing a business include …
   1. employee contracts
   2. future earnings
   3. fixed assets
   4. physical condition
19. When evaluating a business to buy, the following items on the balance sheet must be scrutinised very carefully.
   a) Inventory
   b) Goodwill
   c) Turnover
   d) Operating expenses
   e) Liabilities

Use the table below to answer questions 20 to 22 by matching column A with Column B.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. Factoring</td>
<td>1  Raising of funds by the sale of book debts to a third person.</td>
</tr>
<tr>
<td>21. Equity capital</td>
<td>2  Initial capital that one contributes to the business when starting up.</td>
</tr>
<tr>
<td>22. Bill of exchange</td>
<td>3  Funding that is supplied to a firm during its earliest stages of development.</td>
</tr>
<tr>
<td></td>
<td>4  Negotiable instruments in the form of bills payable and promissory notes mostly used when paying trade credit.</td>
</tr>
<tr>
<td></td>
<td>5  Finance that covers the movement of goods from supplier to purchaser, generally for the importation of goods.</td>
</tr>
</tbody>
</table>

23. The type of network where an exchange of information takes place is referred to as...
   1  professional
   2  personal
   3  social
   4  extended

24. A program that is specifically designed to provide assistance to a business in its start-up, early development as well as growth phases is called business …
   1  mentoring
   2  incubation
   3  counselling
   4  networking
25. The … oversees family-specific matters such as the family's philosophy, succession planning, employment criteria, involvement in the business and response to the external environment.
1 advisory board
2 leadership
3 generals
4 family council

TOTAL: 25
14 ADDENDUM B - Compulsory Assignments 2016 (Semester 2)

Assignment 01 (Semester 02)

<table>
<thead>
<tr>
<th>Assignment 01 (compulsory)</th>
<th>Second semester</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due date</td>
<td>08 September 2016</td>
</tr>
<tr>
<td>Unique number</td>
<td>774853</td>
</tr>
</tbody>
</table>

This assignment consists of twenty-five multiple choice questions and must be completed on a mark-reading sheet or you may submit it online via myUnisa. This assignment is based on the information in the study material and covers chapters 1-6. Remember to write the unique number of the assignment on the mark-reading sheet.

1. The form of business an entrepreneur chooses is influenced by the following considerations:
   a) Number of owners
   b) Market demand
   c) Tax considerations
   d) The level of formality required
   e) Competition
      1  a, b, d
      2  b, c, e
      3  a, c, d
      4  b, d, e

2. The manufacturing, producing or making any goods, whether in South Africa or elsewhere, without the authority of the owner of the intellectual property rights in the protected goods is referred to as …
   1  copyright
   2  trademark
   3  intellectual property
   4  counterfeit

3. Which one of the following is an example of a direct tax?
   1  Stamp duty
   2  Income tax
   3  Transfer duty
   4  Value added tax

4. A simplified tax system that applies to small businesses with a qualifying turnover of not more than R1 million per annum is called … tax.
   1  turnover
   2  income
   3  expenses
   4  micro
5. All the people and the efforts, skills, knowledge and insights that contributes to the success of a business are … resources.
   1 financial
   2 physical
   3 human
   4 information

6. All creations or products of the human mind that can be used for commercial gain are referred to as ...
   1 intellectual property
   2 financial resources
   3 intellectual rights
   4 human resources

7. The physical environment can create certain barriers to creativity. Which of the following barriers are referred to as physical environmental barriers?
   a) Distractions
   b) Routine
   c) No rewards
   d) Cultural barriers
   e) No financial support
      1 a and d
      2 a and c
      3 b and e
      4 a and b

8. Thomas stands on a street corner every day and he has sign stating that he will wash cars in exchange for R20. Thomas is a …
   1 small scale entrepreneur
   2 basic survivalist
   3 pre-entrepreneur
   4 micro-entrepreneur

9. An individual who intends to pursue a business opportunity within the next three years is known as a/an … entrepreneur.
   1 established
   2 potential
   3 intentional
   4 start-up

10. A successful woman entrepreneur …
    1 has representation in boardrooms.
    2 has been in business for more than two years.
    3 is highly committed to entrepreneurial ideas.
    4 is overworked in the home.
11. Individuals who have few or no other income generation or employment opportunities and thus become entrepreneurs to sustain their livelihood, are called ... entrepreneurs.
   1 opportunity driven
   2 potential driven
   3 poverty driven
   4 necessity driven

12. Success factors for women entrepreneurs include...
   a) personal difficulties
   b) personal freedom
   c) social recognition
   d) gender discrimination
   e) flexibility
      1 b c e
      2 a c e
      3 b c d
      4 b d e

13. The time period available for creating new ventures is called the window of ...
   1 ideas
   2 opportunity
   3 entrepreneurship
   4 start-up

14. Identify the correct sequence of steps in the process of creative thinking.
   a) Develop an idea
   b) Protect the results
   c) Generate an idea
   d) Turn an idea into a product, service or process
      1 a b c d
      2 c a d b
      3 c d b a
      4 a c d b

15. For an idea to become an opportunity, it must be ...
   1 attractive, durable and timely
   2 commercial, huge and viable
   3 a service, economical and timely
   4 durable, a product and available

16. The operations section of a business plan includes all of the following EXCEPT ...
   1 quality management
   2 capacity
   3 competitive advantage
   4 production schedule
17. The break-even point refers to the level of turnover where the ... profit is equal to the estimated ...
   1 gross, unit costs
   2 net, unit sales
   3 net, operating costs
   4 gross, operating costs

18. The sustainability section of a business plan should address, among others, ...
   1 employment opportunities
   2 the management team
   3 projected capital equipment
   4 market evaluation

19. Ensuring that a product/service possesses a competitive advantage will help solve the problem of ... when compiling a business plan.
   1 a lack of objectivity
   2 a lack of a unique product/service features
   3 understatement of expenses
   4 disregard for legal requirements

20. John, Kate and Maria own and manage J & M's Kitchen, a take-away restaurant. Kate suddenly becomes ill and resigns from the business. Maria and John are willing to continue to run the business but their legal advisor informs them that legally the business has ceased to exist. Which form of business ownership is J & M's Kitchen?
   1 Partnership
   2 Close corporation
   3 Company
   4 Sole proprietorship

21. Women who start businesses because of limited career prospects in large organisations, are ambitious and their business has high priority are known as ... women business owners.
   1 innovative
   2 radical
   3 traditional
   4 domestic

Use the table below to answer questions 22 to 24 by matching the types of creativity in Column A with the action associated with it in Column B.

<table>
<thead>
<tr>
<th>Column A</th>
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<tr>
<td>22. Inventive</td>
<td>1 Completely new concepts or assumptions</td>
</tr>
<tr>
<td>23. Productive</td>
<td>2 Drawings or paintings as in artistic work</td>
</tr>
<tr>
<td>24. Emergentive</td>
<td>3 Modification (e.g. changing the existing into the more useful)</td>
</tr>
</tbody>
</table>
25. There are hundreds of creativity techniques that will assist you to think more creatively, generate ideas and even analyse opportunities in the marketplace. The following method forces you to see things backwards, inside out and upside down, thus enabling you to analyse the whole concept or problem.

1. Random input
2. Association technique
3. Problem reversal
4. Discontinuity principle

TOTAL: 25
1. The process of starting up a business is based on the fundamentals of management. Record keeping, risk management, quality, ethics and internal control systems are part of …
   1. planning
   2. control
   3. leading
   4. organising

2. Quite often business ventures pay insufficient attention to risk management. Risk exists because valuable resources are committed to a venture. Which one of the following is an example of property risk?
   1. Natural disasters
   2. Bad debts
   3. Employee dishonesty
   4. Product liability

3. Instances where the possibility of loss cannot be completely eliminated but its impact reduced, are referred to as risk …
   1. retention
   2. reduction
   3. transfer
   4. avoidance

4. Why does a small business need a quality system?
   1. to maintain source documents and provide an audit trail
   2. for accurate reporting of financial information
   3. to improve performance, coordination and productivity
   4. to manage the venture through ethical behaviour
Use the table below to answer questions 5 to 7 by matching the stages in the process of attracting investors in Column A with the action associated with it in Column B.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Deal evaluation</td>
<td>1 The way the entrepreneur and investor make contact.</td>
</tr>
<tr>
<td>6. Making contact</td>
<td>2 Initial evaluation to make sure the deal is right for the investor.</td>
</tr>
<tr>
<td>7. Deal selection</td>
<td>3 Detailed evaluation to assess risk and return.</td>
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<td></td>
<td>4 Investor’s entry and exit strategy.</td>
</tr>
<tr>
<td></td>
<td>5 Monitoring, control and support given by the investor.</td>
</tr>
</tbody>
</table>

8. Medium term finance refers to finance that is repayable within between one and three years. Which one of the following is an example of medium term finance?
   1 equity capital
   2 trade credit
   3 preference shares
   4 leasing finance

9. The initial capital that you contribute to the business to get it started is often referred to as … capital.
   1 financial
   2 equity
   3 bank
   4 preference

10. The equity capital by owners of a partnership are referred to as …
    1 share capital
    2 members’ contribution
    3 capital accounts
    4 ordinary shares

11. An entrepreneur can incur costs in preparing the proposal for raising finance. This may require inputs from specialists such as accountants, financial consultants and possibly an investment banker. These costs are referred to as … costs.
    1 upfront
    2 back-end
    3 advertising
    4 legal

12. What do venture capitalists look for in terms of a competitive business venture?
    1 Unique product or service
    2 Large operating margins
    3 Global growth potential
    4 Size of the investment
13. A disadvantage of a franchise from the franchisor's viewpoint is …
   1 increased set-up costs
   2 rigid operating procedures
   3 reduced income per unit
   4 rapid expansion

14. The type of franchising that offers a name, image and method of doing business is called a … franchise.
   1 services
   2 business format
   3 dealership
   4 substantial

15. The benefit and advantage of a good name, reputation and connection of a business is referred to as …
   1 success
   2 standard
   3 system
   4 goodwill

16. Which one of the following techniques of valuing a business depends on the financial markets to estimate the value of a business?
   1 Earnings based
   2 Market based
   3 Asset based
   4 Profit based

17. Non-quantitative factors that can be taken into consideration when valuing a business include …
   1 legal commitments
   2 opportunity cost
   3 net earnings
   4 accounts payable

18. When evaluating a business to buy, the following items on the balance sheet must be scrutinised very carefully.
   a) Inventory
   b) Accounts payable
   c) Operating expenses
   d) Liabilities
   e) Cash flow

   1 a, b, c
   2 b, c, e
   3 a, b, d
   4 c, d, e
19. In a family business the … focuses on the business/management related aspects for example ensuring that the business is strategically aligned to major environmental trends.
   1 advisory board
   2 parents
   3 family council
   4 governor

20. Which one of the following is a disadvantage of buying an existing business?
   1 the business is a going concern
   2 the inventory is in place
   3 the owner sells at short notice
   4 the business may be overpriced

21. What is the advantage of buying a franchise business for the franchisee?
   1 bad decisions by the franchisor
   2 start-up assistance
   3 rigid operating procedures
   4 high operating costs

Use the table below to answer questions 22 to 24 by matching column A with Column B.

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
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</thead>
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<tr>
<td>22. Venture capital</td>
<td>1 Raising of funds by the sale of book debts to a third person.</td>
</tr>
<tr>
<td>23. Factoring</td>
<td>2 Initial capital that one contributes to the business when starting up.</td>
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<td>24. Bill of exchange</td>
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<td></td>
<td>5 Finance that covers the movement of goods from supplier to purchaser, generally for the importation of goods.</td>
</tr>
</tbody>
</table>

25. The process through which the leadership and/or ownership of the family business is transferred from the existing leader to a subsequent family or non-family member is referred to as …
   1 inheritance
   2 succession
   3 monarchy
   4 shareholding

TOTAL: 25
ASSIGNMENT 03
This assignment covers some topics in the study guide, as well as the corresponding chapters in the prescribed textbook. These questions are examination type questions.

QUESTION 1
Read the case study below and answer all the questions that follow.

Bio-Baba nappies
When Vicki’s son was born, she was horrified at the number of non-biodegrading nappies she was throwing away and how much they cost. This prompted her to try and create a biodegradable nappy that could be reused, and which was as effective and easy to use as the throw-away kind. The only alternative to disposable nappies in South Africa at the time were terry-cloth squares. She called up a dressmaker friend to make samples, which were duly tested. Through trial and error, she arrived at a product she was happy with and Bio-Baba was born: South Africa’s first eco-friendly fitted nappy producer. The product went through two years of research and development before entering the market in 2004, assisted by the Umsobomvu Youth Fund Voucher Programme. Bio-Baba is the best alternative to the billions of disposable nappies dumped each year.

Adapted from: http://www.biobaba.co.za/, 14 July 2013.

1.1 Discuss the advantages and disadvantages that Maggie might experience when she has established her franchise. (12)

1.2 Explain what sustainable competitive advantage is and refer to examples from the case study to support your answer. (8)

QUESTION 2
Read the case study below and answer the questions that follow.

Managa Funeral Service (MFS)
The business was established in 2011 by two friends and colleagues, Sipho Mabunda and Solly Mukwevho. Both Sipho and Solly are employed by Telkom and they have common business interests. After identifying their common interest as an opportunity the two decided to start a funeral parlour and register it as a Close Corporation. They then bought part of Gift Neo’s funeral parlour. They bought specific geographic areas and their memberships in Motla, Hammanskraal, Leboltwane, Kgomokgomo, Mathibestad, Moeka, Bela-bela up to the far North (Polokwane) and Kwa-Mhlanga until Tafelkop. Managa Funeral Service has offices in Leboltwane, Belabela and Motla, and recently opened another office in Soshanguve Block G, which is now used as the head office. This move was driven by their knowledge of the local market, being Sipho’s home town and Solly’s other business base. Managa currently has four full-time employees and two part-time staff members.

Like many other small business owners, Sipho and Solly did not have enough capital and had to obtain a loan of R120 000 as start-up capital, finance two cars and further use their salaries to sustain the business. At the moment they need additional financial resources to fund the growing but still unprofitable business; they need storage, grave yard equipment such as...
lowering devices, tents and many more. During its first year of operation the business was operating below break-even point and only in its second year Managa was able to cover its costs.

At the moment they rent storage at Samo Funerals and Gift Neo in Mabopane. They also subcontract tents and rent additional cars as and when required. The demand for their service is high but limited resources are hindering the profit potential of the business. They are currently looking for alternative ways to raise funds in order to meet the demand of their market, which is geographically spread.


2.1 Based on the information from the case study, do you regard Sipho and Solly as entrepreneurs or small business managers? Provide examples from the case study to support your answer. (8)

2.2 Sipho and Solly want to develop a business plan, and they approach you for assistance. Briefly explain to Sipho and Solly what their business plan should include. (8)

2.3 Was their decision to register their business as a Close Corporation the correct one? Provide a brief explanation for your answer. (4)

[20]

[Total: 40]