



UNIVERSITY OF RUHUNA
FACULTY OF MANAGEMENT AND FINANCE

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BBA 1202– Entrepreneurship

BACHELOR OF BUSINESS ADMINISTRATION DEGREE 1000LEVEL

SECOND SEMESTER END EXAMINATION – JUNE 2015

Three Hours

Instructions

- Answer for all questions.

(01) Read the case titled “An Independent Spirit” and answer the questions given below.

An Independent Spirit

Mrs. Kumari is 53 years old and lives at Matale. Before her marriage and during the first few years of her marriage, Mrs. Kumari worked as a typist at the Ceylon Cement Corporation. But her husband's work at the Department of Excise required frequent travel. As he was away from home and her twin children were still very small, she left her job and decided to become a stay at home mother. Even then, Mrs. Kumari refused to spend her time idly. After she was done with her household chores, she would always do something to keep herself occupied. She would buy material, sew and sell the products at sales organized by various organizations and even to stores to earn an income. Mrs. Kumari's drive to engage in her own business stems from her desire to be self-reliant. She did not like the idea of always asking her husband for money, especially when funds were low. This made her decide to engage in a business where she could earn her own money. She does not want to be a burden to her family but instead wants to contribute to her family's income.

Her present business involves manufacturing detergent products such as hand wash and toilet cleaner. She gained the technical knowledge needed for her business through the Vidatha Centre. She first came across the program that taught potential entrepreneurs like her how to make detergent while she was engaged in another program at the Vidatha Centre learning to make sweetmeats. She was drawn to the program on detergent because it was not an area that many women ventured into. She had a feeling this was something she could do successfully and she pursued it. Her most challenging experience after that came when the officers at the Vidatha Centre had encouraged her to enter an exhibition where she could present her products. She knew that she needed bottles to display her product and she knew she would have to travel to Colombo to buy the required bottles.

But she was reluctant at first as she did not have anyone to accompany her. Her husband was away on work, her daughter had recently entered University, and her son had joined the Air Force. In addition to this, she had no money to purchase the bottles. She was finally able to obtain the required money through a Rotating Savings and Credit Association (ROSCAs, locally known as 'seettu') and travel to Colombo by herself. She managed to carry the large bundles containing more than a hundred bottles by herself in the bus and return safely to Matale.

Since then she has taken her samples to various places where she thought she could find potential customers. She now provides her products to cleaning services in and around Matale. She says that if she had a vehicle she could deliver more products and earn a better income. She also sells her products to people in her village at a lower price. Mrs. Kumari has not received any financial support for her work except for a loan of Rs.50,000 which she took while building her house. All of the equipment used for her business was purchased without any financial assistance - not even from her family members. Now she has equipment worth over Rs. 100,000. She employs one other person to assist her, and products are made in a separate room in her house. She feels that she could improve her business further if she could have access to cheaper resources. Currently, she spends around Rs. 40-50 per bottle to purchase the required bottles to store her detergent. Adding transport cost to that would bring the total cost of a plastic bottle to around Rs. 60. As her cost is very high, she finds it difficult to keep her pricing competitive with similar products available in the market. Initially, her husband and children did not support her business. Her son had even told her that he will give money for her to stay at home. But Kumari's perseverance to be financially independent has made her carry on her business. Now, she says "they let me do what I want".

She says that she has received a lot of help from the Vidatha officers in her district to develop her business. Not only was she able to gain technical knowledge from Vidatha but they also assisted her with labelling her products. The officers had personally visited her house to teach her about book keeping and managing her accounts. They also push her to enter exhibitions and sales. She feels that entering exhibitions has been the most lucrative method to sell her products. She says "I am able to earn more at a single exhibition than I would ordinarily earn in a month".

While Mrs. Kumari feels that social acceptance of her as a female entrepreneur has largely been positive. Despite some difficulties, Mrs. Kumari has managed to successfully continue her business. She has a steady income from her business and she uses a portion of her income to promote religious activities. She donates money to publish Dhamma books and she provides her products free of charge to meditation centres and the surrounding temples. She also tries to help the less fortunate in

her village in any way she can. She says, "I still remember where I started, so I like to help those in need whenever I can". Mrs. Kumari is happy with her achievements thus far and feels that she has gained positive social recognition in her village for her work. She is clearly an independent spirit with a clear goal to be self-reliant, a goal she has managed to achieve. She says that if there is one message she would like to give others like herself; it is that, "women should not restrict themselves to household chores. We have plenty of time to do so much more".

Questions

- (a) "Mrs. Kumari is a successful women entrepreneur". Do you agree with this statement?

Justify your answer.

(05 marks)

- (b) Analyze the myths of Entrepreneurship which has been broken by Mrs. Kumari.

(07 marks)

- (c) Identify the turning points of Mrs. Kumari and discuss the factors that have supported to succeed the business.

(10 marks)

(Total 22 marks)

- (2) (a) Explain how the definitions of Entrepreneurship, Small business and Corporate entrepreneurship differ from each other.

(06 marks)

- (b) Evaluate the contributions of Joseph Schumpeter and David McClelland with regard to entrepreneurship.

(05 marks)

- (c) Are entrepreneurs born or can they be made? Justify your view by making reference to two examples of success entrepreneurs.

(05 marks)

(Total 16 marks)

(3)

(a) Describe the concepts of “Windows” and “Corridors” for new ventures by giving examples.

(05 marks)

(b) The identification of a viable business idea is key to starting a business. Explain five (5) possible sources of business ideas.

(05 marks)

(d) “Entrepreneurs should address human values rather than just profit to enhance the social capital within the community”. Discuss this statement with two (2) examples.

(06 marks)

(Total 16 marks)

(4)

(a) What do you mean by “Entrepreneurial Strategy Matrix”?

(04 marks)

(b) Identify the options of the Entrepreneurial Strategy Matrix and propose most suitable forms of venture for each one with justification.

(06 marks)

(c) What are the problems faced by Sri Lankan SMEs and What government support can they avail of?

(06 marks)

(Total 16 marks)
