

UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

BACHELOR OF INTERNATIONAL BUSINESS MANAGEMENT

DEPARTMENT OF MANAGEMENT SCIENCE

(BIBM 2 AUGUST INTAKE 2022/2023)

END OF SEMESTER EXAMINATIONS

IBM GLOBAL ENTREPRENEURSHIP

Date: Thursday 15th December 2022

Time allowed: 3 hours: 9:30 am -12:30 pm

Instructions to Candidates

1. Attempt 4 questions in all
2. Question One is compulsory
3. All questions carry equal marks
4. Begin a new number on a fresh page

Question One

The Republic of Monzania is currently facing several economic challenges resulting from the unstable exchange rate of its currency, severe increases in fuel prices, as well as the rising cost of local food staples. Simultaneously, the country is also undergoing a demographic boom, as lower infant mortality rates have resulted in a rapidly rising number of young people between the ages of 15 and 24. However, weak economic conditions are affecting the labour market, and it is unlikely that it will recover fast enough to absorb this growing youth population. On the other hand, Monzania has the potential to achieve substantial economic growth by engaging its youth in entrepreneurial activities. Young minds are particularly responsive to emerging trends and opportunities, and using them to stimulate the country's entrepreneurial sector could bring innovation and creativity to Monzania, resulting in an enhanced competitiveness.

Considering the limited opportunities in its labour market, Monzania already demonstrates a high rate of business start-ups among its youth population. In fact, approximately 40% of Monzania's 25 to 34 year-olds are involved in new businesses. The business failure rate, however, (the number of businesses that close during the early stages of their existence) is also very high, with most businesses failing within 3 to 4 years. This unfortunately short business life span limits the potential contribution of entrepreneurial activity to job creation, innovation and economic growth.

According to several studies, not all new Monzanian entrepreneurs start a business because they see an opportunity in the market. Instead, many choose entrepreneurship out of necessity because they do not see any other option. In addition, entrepreneurs of all age groups stated that they felt that the entrepreneurship culture in Monzania was "not strong and not encouraging." A particularly often repeated complaint was the difficulty of approaching banks as first-time entrepreneurs.

Rather than becoming entrepreneurs, parents still encourage their children to aim for scarce public sector jobs which, despite being very few in number, provide security and good benefits. By contrast, young people who took the entrepreneurial route reported that while starting up their businesses was a challenge, continuing to operate and expand them was even more difficult than they thought.

Since entrepreneurship education is not part of the national curriculum in Monzania, most of these young entrepreneurs have never received business management training and, as a result, have no real knowledge of the issues involved in running a business. In addition, young Monzanian entrepreneurs are faced with a dual set of challenges: while on the one hand, the traditionally hierarchical Monzanian society considers them too young to operate a business, on the other hand, their limited work and life experience means that they not only struggle to build credibility, they also have to start without a strong network of business and professional contacts.

Today, several actors have partnered up with the Monzanian government in order to establish various initiatives and business support centres in Monzania.

- (a) What is the current status of the labour market for youth in Monzania (03 marks)
- (b) In view of Monzania's weak economic conditions, what recommendations would you give to improve the economic conditions in the country? (05 marks)

- (c) What are the ways in which the increasing number of young people in Monzania could play a vital role in national economic development? (05 marks)
- (d) In what ways does entrepreneurship benefit young people in Monzania? (04 marks)
- (e) Monzania already boasts a high rate of youth business start-ups. What are the **two** main reasons for young Monzanians to start a business? (02 marks)
- (f) Why should the government and other actors in Monzania encourage opportunity-driven entrepreneurs? (06 marks)

Question Two

- (a) Examine the factors that limit young people's access to the job market in developing economies (15 marks)
- (b) Uganda is currently experiencing a youth bulge just like many LDCs and developing economies, explain why your role as a young person is very important to your country's future economic growth (10 marks)

Question Three

- (a) What will becoming an entrepreneur after completion of your studies mean for you (if you opted for entrepreneurship)? (10 marks)
- (b) What considerations (personal decision making processes) will you make before becoming an entrepreneur? (15 marks)

Question Four

- (a) Even the domestic entrepreneurs who start by targeting the home market eventually go global. Briefly outline the reasons for this occurrence? (05 marks)
- (b) Explain the resources which the entrepreneurs who are targeting the global market place may need? (08 marks)
- (c) Outline the main global challenges to entrepreneurs (12 marks)

Question Five

Read the case study below and attempt the questions that follow

Dreaming of starting a tailoring business, Farah enrolled in and completed a vocational training course in order to perfect the sewing skills she had learnt while growing up. There were not many tailors in her city, and she believed that with the ability to create new designs and make trendy clothes she would be able to fill a gap in the market.

She borrowed the start-up capital from her parents and raised additional capital by working part time modifying the clothes of her friends and neighbors. Having made some money, she then rented a space in the shopping Centre near her house, bought four sewing machines, procured various different types of textiles, and hired four skilled local tailors with whom she was acquainted. Initially, she decided to focus on dresses, shirts and trousers. Once her first items had

been created, she displayed them on a stand in front of her shop in order for potential customers passing by to see them. Having in this way created a few "showcase products," she then reached out to nearby textile shops and asked them to recommend her tailor shop if their customers wanted to make clothes out of the materials which they bought. Her neighbors and friends, who had seen her skill while she was still working part time, also helped her spread the word about her new tailoring business. In this way, her shop was quickly established on solid bases.

A few years later, she contacted three large companies in her city and offered them to make quality uniforms at a lower rate than their current supplier. Drawn by her offer, two of the companies placed orders with her. However, Farah quickly realized that she had miscalculated: she would need more employees and equipment to meet the demand on time. As such, she quickly tapped into her network of friends and acquaintances to find three additional skilled tailors, for whom she also bought three additional sewing machines. In the end, she managed to meet the orders and satisfy her customers.

Her small business was now expanding, and she managed to successfully secure a small bank loan to finance her activities. This allowed her to move her business to a larger space in a good location, where she continued to supply uniforms to companies as well as make clothes for individual customers.

With the increase in orders, however, Farah found it challenging to keep track of her business records. She understood that she had limited financial knowledge. To remedy this, she took a business training course during her spare time and hired an accounting clerk to assist her. As her business grew, she continued to manage the shop and took decisions on new orders, employees, materials and equipment.

The business training course which she took made her aware of the role of trade support institutions (TSIs). Interested in potential collaboration, she successfully reached out to one of the TSIs and received support to take part in a trade fair. The contacts which she made there enabled her to secure several export opportunities to neighbouring countries. Farah is considered as an energetic and creative person by her customers. Her employees are satisfied with their work and admire her determination to succeed.

- (i) What qualifies Farah as a true definition of an entrepreneur (03 marks)
- (ii) Does Farah have the appropriate technical skills (02 marks)
- (iii) Which managerial skills does Farah have? Is there a managerial skill he lacks? (05 marks)
- (iv) What personal traits does Farah exhibit? (08 marks)
- (v) Which soft skills does Farah exhibit? (05 marks)
- (vi) Explain how Farah started her path towards international markets (02 marks)

Question Six

- 6 (a) Why should a global entrepreneur develop a business plan? (10 marks)
- (b) Provide an outline of a business plan for a new global entrepreneur elaborating the key issues which should be considered (15 marks)

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