

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
GRADUATE SCHOOL OF BUSINESS
MASTERS IN ENTREPRENEURSHIP AND INNOVATION
CORPORATE ENTREPRENEURSHIP (MEI 508)

EXAMINATION PAPER

DURATION: 3 HOURS 30 MINUTES

INSTRUCTIONS AND INFORMATION TO CANDIDATES

1. Section A is compulsory and carries 40 marks.
 2. Answer Question One from Section A and any three (3) questions from Section B.
 3. The paper carries six questions.
 4. All questions in Section B carry equal marks of 20 each.
 5. The use of cell phones is not allowed in the examination.
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JUN 2023

SECTION A: [COMPULSORY]

QUESTION 1

CASE STUDY: TRUWORTHS MULLS SHOP CLOSURES

One of Zimbabwe's largest clothing retailers, Truworths, says it is closing three of its stores in Harare, as management responds to consumer spending cutbacks since the outbreak of Covid-19 two years ago. In an interview with business digest this week, executives at the Zimbabwe Stock Exchange-listed giant said forex shortages, high inflation and a volatile exchange rate had informed the decision that has already been communicated to affected staff. The clothing firm operates nine Truworths Ladies branches, seven Truworths Men, 23 Topics Stores and 17 Number One Store outlets. "We are acting on August 31," Truworths chief executive officer Themba Ndebele said in an interview. "We have already advised our workers. (You need to) understand the dynamics. What is happening post-Covid-19 is that small cubicles are being opened by landlords. At the top of Eastgate we had lawyers, banks and offices. Those are no longer there. They were a big customer base for us," he said.

The firm operates one of its key outlets at East gate." Across (town) to Old Mutual Centre, they have closed so many floors going to the top where Barbours used to be. So there is no longer our type of customer," Ndebele said. He said Covid-19 shifted priorities of customers, who were forced to work from home during lock-downs. This meant that they no longer required formal wear, a segment which drove the retailer's business.

Ndebele said delays in sourcing materials from China were also affecting operations. While the firm largely trades in Zimbabwean dollars, suppliers were demanding United States dollars, he added. Many of them were now demanding cash up front, Ndebele said, noting that the firm was struggling to access cheaper foreign currency from the auction system. He said TL's landlords were also demanding US dollar rentals. "We were only successful at the auction once since its inception," Ndebele said.

"We got US\$50 000. What do you do with (with that)?"

He added that pandemic lockdowns hit the firms during peak periods in 2020 and 2021. "When we opened up in March 2021, we were forced to sell at the official exchange rate when the parallel forex rate was way higher. I am selling goods at US\$1:ZW\$429.30 and replacing them at US\$1:ZW\$850, yet we are a 100% import business. How do we survive?" Ndebele asked. On Thursday last week, Truworths chief operating officer Stanslaus Takaendisa met with the firm's central business district staff where he informed them of the plans. "We have got two stores at Eastgate, we have a store in First Street and we have another store in Union Avenue (Kwame Nkrumah) which are all Truworths," Takaendisa said. "I told them we are going to be closing the two Eastgate Truworths stores and we are going to be closing the Union Avenue store so that we remain one store in the CBD, First Street, as the main store," he said. Ndebele, the third largest shareholder in Truworths with a 14,52% stake, said he had injected funding to boost the business.

Source: Zwinoira T. Zimbabwe Independent: Business Digest, July 29 to August 4, 2022, p2

Required:

Carefully consider the following questions and answer them based on the case study above as well as your broad appreciation of issues in corporate entrepreneurship.

- a. How would you describe the line of business that Truworths Limited is in? **(5 marks)**
- b. Briefly discuss each of the major factors cited as having led to the decision taken by Truworths limited. **(5 marks)**
- c. Briefly describe and explain whether the measure that Truworths Limited is taking in response to the changing business environment is justified from a corporate entrepreneurial perspective. **(10 marks)**
- d. "So there is no longer our type of customer". Ndebele said. How valid is this assessment of the business environment as a basis for the measure taken by Truworths Limited? Justify your response. **(10 marks)**

- e. Using the Truworths experience, briefly explain how corporate entrepreneurial characteristics can drive resilience in businesses operating in Zimbabwe. **(10 marks)**

[Total: 40 marks]

SECTION B: *Answer any three (3) questions from this section.*

QUESTION 2

Entrepreneurial organisations may be identified by their approaches to business. Briefly discuss any seven (7) of the characteristics of such organisations. **[20 marks]**

QUESTION 3

Describe the creativity and innovation process that drives corporate entrepreneurship. **[20 marks]**

QUESTION 4

Discuss the relationship between strategic management and corporate entrepreneurship. **[20 marks]**

QUESTION 5

Briefly describe each of the four models of approach to corporate entrepreneurship as proposed by Wolcott and Lippitz (2007). **[20 marks]**

QUESTION 6

Explain how culture affects optimisation of risk in corporate entrepreneurship. **[20 marks]**

END OF EXAMINATION PAPER.