



**COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF BUSINESS MANAGEMENT  
SUPPLEMENTARY SUMMATIVE ASSESSMENT**

**SUBJECT:** BUSINESS MANAGEMENT  
**CODE:** BMA1B01/21B1  
**DATE:** December 2018  
**TIME ALLOWED:** 120 Minutes  
**TOTAL MARKS:** 100

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**NUMBER OF PAGES:** 18

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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** in the back of the answer book on the answer sheet provided. Indicate the correct answer as per the instructions.
    - 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.
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**SECTION A****[40 MARKS]****QUESTION 1**

Budgets are future activities expressed in financial terms. Identify the advantages of budgets from the statements below:

- (i) Budgets can replace some management functions.
- (ii) Budgets compel management to plan in advance.
- (iii) Budgets motivate personnel to achieve organisational goals.
- (iv) Budgets help to predict the future with a measure of certainty.
- (v) The control process in the organisation is centred around budgets.
- (vi) Budgets promote coordination and communication within the organisation.

Choose the correct answer:

- A (ii) (iii) and (vi)
- B (i) (ii) and (iii)
- C (i) (iv) and (v)
- D (iii) (iv) and (v)

**QUESTION 2**

Variable costs are also known as:

- E Direct costs
- F Fixed expenses
- G Total costs
- H Indirect costs

**QUESTION 3**

Which of the following are forms of short-term financing?

- (i) Registered term loans
- (ii) Financial leases
- (iii) Debtor financing
- (iv) Trade credit
- (v) Bank overdrafts

Choose the correct answer:

- A (i), (ii) and (iii)
- B (ii), (iii) and (iv)
- C (iii), (iv) and (v)
- D All of the above

**QUESTION 4**

At break-even point \_\_\_\_\_

- A the organisation makes a profit.
- B the organisation already know the number of units that need to be produced and sold.
- C the total income equals the total expenses.
- D the organisation makes a loss.

**QUESTION 5**

If you invest R10 000 in a bank account at 10% interest rate for 3 years, what will the future value of the investment be?

- A 8 513
- B 16 310
- C 15 105
- D 13 310

Use the following financial statement to answer questions 6, 7 and 8

**Statement of Financial Position of Unto Projects as at 30 April 2018.**

<b>Fixed assets</b>	:	<b>3000</b>
<b>Shareholders' interest</b>	:	<b>2500</b>
<b>Current assets</b>	:	<b>5000</b>
Cash	:	200
Debtors	:	1800
Inventory	:	3000
<b>Total Assets</b>	:	<b>8000</b>
<b>Long-term liability</b>		
loan	:	1500
<b>Current liabilities</b>	:	<b>2000</b>
Shareholders dividend	:	500
Bank overdraft	:	1500
<b>Total Debt</b>	:	<b>3500</b>

**QUESTION 6**

Calculate the current ratio

- A 3.5:1
- B 1.5:1
- C 2.5:1
- D 4.5:1

**QUESTION 7**

The above current ratio is an indication that:

- A The organisation is healthy
- B Financial institutions might be willing to lend the organisation some money
- C For every R3.50 of current liabilities there is R1 of current assets.
- D Only A and B are correct.

**QUESTION 8**

Calculate the Total debt/Total assets ratio.

- A 49.7%
- B 50.1%
- C 43.8%
- D 44.8%

**QUESTION 9**

The following concepts revolve around collective aspects of employment relations and employee relations as the daily human relations between supervisors and subordinates.

- A Federal relations, labour relations and employment relations
- B Trade unions relation, employee relations and organization relations
- C Employee relations, labour relations and industrial relations,
- D Industrial relations, employee relations and organization relations

**QUESTION 10**

Identify a training technique that involves placing the employee in a different job for a defined time to learn that particular job.

- A Job rotation.
- B Job enlargement.
- C On-the-job training.
- D Job enrichment.

**QUESTION 11**

There are several laws that have a bearing on employment in South Africa. What does BCEA stands for.

- A Base-level Conditions Equity Act
- B Basic Compensation of Employees Act
- C Basic Conditions of Employment Act
- D All of the above

**QUESTION 12**

\_\_\_\_\_ can be defined as an integrated man/ machine unit with a set of \_\_\_\_\_ working together to collect, process, store, retrieve and \_\_\_\_\_ information; achieving a common purpose of supplying information timeously, accurately, and in an appropriate format to the decision makers consent.

- (i) A Data processing System
- (ii) An information system
- (iii) Introduce
- (iv) Knowledge Management System
- (v) Diverse systems
- (vi) Different functions
- (vii) Interrelated components
- (viii) Disseminate

Choose the correct answer:

- |   |      |       |     |        |
|---|------|-------|-----|--------|
| A | (ii) | (vii) | and | (viii) |
| B | (i)  | (v)   | and | (iii)  |
| C | (i)  | (vii) | and | (ii)   |
| D | (iv) | (vi)  | and | (viii) |

**QUESTION 13**

A Transaction Processing system is a type of Information System used by\_\_\_\_\_

- A Senior managers
- B Staff managers
- C Middle managers
- D Operations staff

**QUESTION 14**

Identify an example of Consumer-to-Consumer E-business from the following:

- A Intel ( [www.intel.com](http://www.intel.com))
- B Ebay ([www.ebay.com](http://www.ebay.com)).
- C Amazon ([www.amazon.com](http://www.amazon.com))
- D Accountants and layers.

**QUESTION 15**

Executive Support Systems (ESS) are used by senior managers to help them make decisions at the strategic level of the organisation. Examples of information outputs for these systems are:

- (i) Long-term industry trends.
- (ii) Low volume data.
- (iii) Future products of the industry
- (iv) Summary transaction data.

Choose the correct answer:

- A (i) and (iv)
- B (ii) and (iii)
- C (ii) and (iv)
- D (i) and (iii)

**QUESTION 16**

\_\_\_\_\_ is experience on how to react to a situation when many different variables are involved.

- A Knowledge management
- B Explicit Knowledge
- C Tacit knowledge
- D Situational knowledge

**QUESTION 17**

The following statements explain key activities of the Purchasing function:

- (i) Dealing with claims and returns.
- (ii) Checking and verifying requisitions.
- (iii) Controlling and monitoring inventory and the quality thereof.
- (iv) Ensures that the final product gets to the customer.
- (v) Take care of the welfare of employees.
- (vi) Evaluating the quality against standardised quality acknowledged by the organisation.

Choose the correct answer:

- |   |      |       |       |     |      |
|---|------|-------|-------|-----|------|
| A | (i)  | (ii)  | (iii) | and | (iv) |
| B | (i)  | (iii) | (iv)  | and | (v)  |
| C | (i)  | (ii)  | (iii) | and | (vi) |
| D | (ii) | (iii) | (iv)  | and | (v)  |

**QUESTION 18**

Horizontal communication in organisations involves:

- A Performance reports
- B Indoctrination
- C Grievances and disputes
- D Intradepartmental coordination

**QUESTION 19**

The following are typical examples of activities associated with external communication function:

- (i) Exhibitions
- (ii) Intranet
- (iii) Networking
- (iv) Conferences
- (v) Lobbying

Choose the correct answer:

- |   |      |       |       |     |      |
|---|------|-------|-------|-----|------|
| A | (i)  | (iii) | (iv)  | and | (v)  |
| B | (ii) | (iii) | (iv)  | and | (v)  |
| C | (i)  | (ii)  | (iii) | and | (iv) |
| D | (i)  | (ii)  | (iv)  | and | (v)  |



**QUESTION 20**

During the process of interpersonal communication the receiver is expected to:

- A decode the message.
- B encode the message.
- C select the transmission channel.
- D sends the message through channel.

**QUESTION 21**

In the case of a \_\_\_\_\_ purchasing strategy, different procurement team members should ensure cross-functional effectiveness.

- A centralised.
- B tactical
- C decentralised
- D operational

**QUESTION 22**

\_\_\_\_\_ is a nonverbal communication that takes place in the mass media that is not paid for by the organisation

- A Lobbying
- B Advertising
- C Marketing
- D Publicity

**QUESTION 23**

Inventory holding in an organisation is influenced by various factors namely:

- (i) Lead time
- (ii) Safety stock
- (iii) Maximum inventory
- (iv) Re-order level
- (v) Average consumption rate

Choose the correct answer

- A (i) (ii) (iii) and (v)
- B (i) (iii) (iv) and (v)
- C (i) (ii) (iv) and (v)
- D All of the above

**QUESTION 24**

Lean manufacturing is often describes ad a \_\_\_\_\_ system as opposed to \_\_\_\_\_ system

- A sustain, pull
- B pull, push
- C push, sustain
- D flow, static

**QUESTION 25**

\_\_\_\_\_ in the South African context is when an organisation makes a specific effort to buy and acquire their materials and products from local suppliers owned by previously disadvantaged groups.

- A outsourcing procurement
- B local procurement
- C preferential procurement
- D ethical procurement

**QUESTION 26**

*Good learning material delivered at the end of a learning term after assessments have been taken, will not help learners.*

The above statement is an example of how logistics add value in terms of:

- A Costs
- B Time
- C Place
- D Presentation

**QUESTION 27**

Outbound logistics enables the organisation to:

- A purchase the right product at the right time.
- B purchase products at the right price from the right supplier
- C get raw materials from suppliers to the warehouse
- D get goods to the customers.

**QUESTION 28**

\_\_\_\_\_ can be defined as the management of processes that transform inputs into outputs and thereby creates value for the user.

- A Operations management
- B Materials management
- C Marketing management
- D Logistics management

**QUESTION 29**

Concepts of a Systems Approach include:

- (i) Boundary
- (ii) Unions
- (iii) Event
- (iv) Balancing act
- (v) Government
- (vi) Input

Choose the correct answer:

- A      (ii)      (iii)      (v)      and      (vi)
- B      (ii)      (iv)      (v)      and      (vi)
- C      (i)      (ii)      (iv)      and      (vi)
- D      (i)      (iii)      (iv)      and      (vi)

**QUESTION 30**

Manufacturing operational process creates a tangible product utilising some of the following process types:

Column A	Column B	Column C	Column D	Column E
(a) Project	(a) service	(a) service	(a)continuous	(a)continuous
(b) Professional	(b) batch	(b) batch	(b) mass	(b) mass
(c) Jobbing	(c) jobbing	(c) jobbing	(c) continuous	(c) continuous
(d) Mass	(d) service	(d) service	(d) professional	(d) professional

*Choose concepts representing the correct process flow from each column:*

- A      (d)      (c)      (d)      (b)      and      (c)
- B      (a)      (c)      (b)      (b)      and      (c)
- C      (c)      (d)      (a)      (c)      and      (d)
- D      (b)      (d)      (b)      (a)      and      (b)

**QUESTION 31**

Effective and efficient operations can provide an organisation with a competitive advantage in that it can:

- (i) reduce the cost
- (ii) allow for once-off innovation
- (iii) increase revenue
- (iv) reduce the amount of the investment
- (v) increase the amount of the investment

Choose the correct answer

- |   |      |       |     |       |
|---|------|-------|-----|-------|
| A | (i)  | (ii)  | and | (iii) |
| B | (iv) | (v)   | and | (iii) |
| C | (i)  | (iii) | and | (iv)  |
| D | (ii) | (v)   | and | (i)   |

**QUESTION 32**

The objectives of operations management:

- A Dependability, flexibility and quality.
- B Speed, quantity, cost.
- C Dependability, static, cost.
- D flexibility, convenience, quantity.

**QUESTION 33**

Sequencing is an activity of taking decisions about the order of operation activities in which work (transformation) needs to be performed. Identify the predetermined rules which organisations rely on when making sequencing decisions.

- (i) Longest operating time
- (ii) Physical constraints sequencing
- (iii) Customer priority sequencing
- (iv) Due date sequencing
- (v) GANT chart approach

Choose the correct answer:

- |   |        |        |       |     |      |
|---|--------|--------|-------|-----|------|
| A | (i),   | (ii),  | (iii) | and | (iv) |
| B | (ii),  | (iii), | (iv)  | and | (v)  |
| C | (i),   | (iii), | (iv)  | and | (v)  |
| D | (iii), | (iv)   | and   | (v) |      |

**QUESTION 34**

Identify activities that sequentially represent steps of Marketing Management Process from each column.

<b>Column A</b>	<b>Column B</b>	<b>Column C</b>
(a) Situation analysis. Marketing objectives. Marketing strategy.	(a) Measure actual performance	(a) Organising. Leading.
(b) Organising. Leading	(b) Situation analysis. Marketing objectives. Marketing strategy.	(b) Measure actual performance.
(c) Measure actual performance .	(c) Organising. Leading.	(c) Situation analysis. Marketing objectives. Marketing strategy.

- A      (a)      (a)      and      (a)  
 B      (c)      (b)      and      (a)  
 C      (a)      (c)      and      (b)  
 D      (b)      (b)      and      (a)

**QUESTION 35**

\_\_\_\_\_ is the art and science of choosing target market and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

- A      Logistics Management  
 B      Operations Management  
 C      Marketing Management  
 D      Purchasing Management

**QUESTION 36**

Which of the following repositioning strategy occurs when an increasing gap between what the brand offers and what the market wants leads the management team to think about a major strategic change?

- A      Zero repositioning  
 B      Innovative repositioning  
 C      Gradual repositioning  
 D      Radical repositioning

**QUESTION 37**

\_\_\_\_\_ is one dimension of service quality which refers to whether the service provider makes changes to their service based on the changing needs of customers.

- A. Reliability
- B. Assurance
- C. Responsiveness
- D. Empathy

**QUESTION 38**

\_\_\_\_\_ is one component of a product that refers to the product that has been designed as well as everything that is needed to support its purchase

- A The product image
- B The augmented product
- C The actual product
- D The core product

**QUESTION 39**

\_\_\_\_\_ is the manipulation of the content, functions and relationships of jobs in a way that both accomplishes organisational purposes and satisfies the personal needs of individual jobholders.

- A Job description.
- B Job specification.
- C Job design.
- D Job analysis.

**QUESTION 40**

Appliances and furniture are examples of types of consumer product classified under the following categories:

- A Shopping products
- B Convenience products
- C Durable products
- D Speciality products

**SECTION B****[60 MARKS]****READ THE FOLLOWING CASE STUDY TO ANSWER QUESTIONS 1 AND 2.****NESTLÉ SOUTH AFRICA TO SELL ITS ICE CREAM BUSINESS TO R&R**

As part of its on-going portfolio review, Nestlé South Africa has announced the signing of an agreement to sell its Ice Cream business to UK based ice cream manufacturer, R&R. Nestle is an organisation that is structured according to the matrix structure. Major strategy decisions are made at the headquarter level and daily operations are decentralised and left up to subordinate branches to derive and perform. R&R is not familiar with the South African market and the company is contemplating using managers in five important regions (Gauteng, Western Cape, Eastern Cape, KZN and Mpumalanga) with a purchasing manager based in the company's base, Bryanston. All these managers will be tasked with overseeing the activities of procurement representatives.

Furthermore, to ensure availability of ice cream products in the market, these managers will liaise with the likes of Pick n Pay, Checkers, Makro and Game to mention a few as they are a source of income and can help to create jobs opportunities. The South African ice cream market represents an attractive long term growth opportunity for R&R and this company is looking forward to working with Nestlé Ice Cream's team in South Africa. R&R is keen on retaining the Ice-Cream-On-Wheels vendor project, which helps young people get involved in the business of selling ice cream. Entrepreneurs are given R1 500 worth of initial stock to sell. The profits from the stock will be used to buy more stock from R&R. Consumers will have access to R&R ice cream products as a result of this.

The quantity of Magnum ice cream sold a day, which costs R50 and R35 to produce and order respectively a pack, is 4000 units. R&R will have to manage warehouses and factories across the country at a cost of 20% per pack produced.

The CEO of R&R, Ibrahim Najafi, believes that South African ice cream consumption will continue to increase as consumers become more affluent and we see this acquisition as a springboard to grow sales in the South African market. The purchase of Nestle by R&R was concluded after a visit to South Africa to determine the viability of taking over Nestle. A due diligence in the form of assessing Nestle's market share and value and turnover was conducted. Before a decision was made to invest in South Africa, R&R's management contemplated investing in other lucrative markets such as Argentina, Australia, Brazil and the Philippines. After concluding the due diligence, a transaction valued at \$3 billion, which combined the distribution network of Nestle operating in over 20 countries with around 10,000 employees was concluded. The ice cream portfolio bought by R&R has 29% volume share with an overall value of \$992 million and this is expected to grow to \$250 million in two years. R&R's management will use this information to evaluate the success of this transaction.

Source: Adapted from <http://www.nestle.co.za/media/pressreleases/nestle-south-africa-to-sell-its-ice-cream-business-to-rr>.



**QUESTION 1****[11 MARKS]**

- 1.1 Use the information in the case study to **draw** graphically the applicable purchasing structure of R&R. (8)
- 1.2 **Calculate** how many units of Magnum ice cream must R&R order to meet the local demand. Use the formula provided below. (3)

$$EOQ = \sqrt{\frac{2 \times A \times O}{P \times C}}$$

**QUESTION 2****[9 MARKS]**

- 2.1 Determine which type of distribution channel R&R is adopting and quote from the information in the case study to show stakeholders involved in distribution by R&R by quoting from the case study (4)
- 2.2 **Use** the information in the case study to **explain** the buying decision process that R&R undertook. **(NB: no marks will be awarded for listing the phases only)**. (5)

**QUESTION 3 [15 MARKS]**

- 3.1 **Explain** the steps in the purchasing cycle. (8)
- 3.2 **Explain** five (5) factors that influence inventory holding. (5)
- 3.3 **Describe** business logistics. (2)

**QUESTION 4****[15 MARKS]**

- 4.1 *Logistics, financial, human resource, marketing and information technology* business functions have direct and indirect responsibilities to the *operations function*. Discuss the indirect responsibilities of these business functions to the operations department. (5)

- 4.2 **Name and describe** five (5) key marketing orientation principles.  
(10)
- 4.3 Packaging is known as the “silent salesman”. **List and explain** five (5) important considerations when making packaging decisions. (10)

**END OF ASSESSMENT**