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FACULTY/COLLEGE	College of Business and Economics
SCHOOL	School of Accountancy
DEPARTMENT	Accountancy
CAMPUS(ES)	APK
MODULE NAME	Enterprise Operations
MODULE CODE	ADFM008
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Supplementary Summative Assessment Opportunity July 2019

ASSESSMENT DATE	July 2019	SESSION	08:30 – 11:30
ASSESSOR(S)	Ms L Mphahlele, Ms A Mhlongo		
MODERATOR(S)	Mr T Fusire		
DURATION	3 hours (180 min)	TOTAL MARKS	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	15

INFORMATION/INSTRUCTIONS:
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- This paper consists of 15 pages (including this page).
- Answer ALL questions in the answer book provided.
- Answer multiple choice questions in the front of the answer books.
- Answers with Tippex and in pencil will not be marked.
- Scratch out all open spaces and empty pages.
- Hand in the question paper with the answer sheet. Do not take the question paper home.
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SECTION A   25 marks

Select the correct answer:

1. Objectives are often specific, well-defined and embody comprehensive purposes. Identify which of the following is **FALSE** regarding the functions of objectives?

    A. Planning: Objectives define what the plan is about
    B. Responsibility: They define the responsibilities of managers and department
    C. Integration: They should support the one another and be consistent
    D. Motivation: The first step to motivation is to sharing what is to be done
    E. Evaluation: Performance is assessed against objectives and control   **(1)**

2. The 'Ashridge College' model of mission links strategy to culture and ethics by including four separate elements in an expanded definition of mission. Identify which of the following is **NOT** one of the elements?

    A. Vision
    B. Purpose
    C. Strategy
    D. Policies and standards of behavior
    E. Both B and D   **(1)**

3. Span of control within an organisation **refers to…**

    A. The reduction of management layers within an organisation
    B. The total number of managers and supervisors that staff report to directly or indirectly
    C. The number of subordinates supervised by a single manager
    D. The layers of management, power and authority existing within an organisation
    E. The chain of command from the most senior to the most junior   **(1)**

4. Corporate governance is the system by which companies and other entities are directed and controlled. Identify which of the following are examples of failures of corporate governance?

    A. Lack of supervision
    B. Lack of dependent scrutiny
    C. Domination by a single user
    D. All of the above
    E. Only A and C   **(1)**

5. Identify which **ONE** of the following is **NOT** included in the published accounts for a company?

    A. Statement of financial position
    B. Statement of cash flows
    C. Statement of changes in equity
    D. Trading account statement
    E. All of the above   **(1)**

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6. Business Process Re-engineering (BPR) is the fundamental rethinking and radical re-design of business processes to achieve improvements in critical measures of performance. Identify which ONE of the following is NOT one of the four themes of BPR identified by Hammer and Champy?
    A. Challenging and Breaking rules
    B. Process reorientation
    C. Creative use of IT
    D. Ambition
    E. Change   **(1)**

7. Identify which **ONE** of the following features would be associated with Gartner's 3Vs definition of 'Big Data'?

    A. High variety
    B. High value
    C. High veracity
    D. High visualization
    E. High variability   **(1)**

8. Information Technology may be the driving force for organisational change. Identify which of the following is/are IT's possible role/s in organisational change?

    A. The way in which products are made
    B. The way in which services are provided
    C. To aid communication and co-ordination
    D. Both A and B are correct
    E. All of the above   **(1)**

9. Computer systems are exposed to privacy and security risks. Identify which of the following are the NOT the main privacy and security risks?

    A. Hoaxes
    B. Encryption
    C. Human error
    D. Operator injury
    E. Natural disasters   **(1)**

10. The negative social costs of introducing information technologies and systems are rising along with the power of technology. Identify which of the following is/are negative consequence/s of IT/IS?

    A. Oversight
    B. Health risks
    C. Independence
    D. Unemployment
    E. All of the above   **(1)**

11. Process design can be improved by
    A. An organisation restructure to reflect functions and not processes
    B. Improved checks on suppliers

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    C. Adopting a strategy of continuous improvement
    D. Improved quality control
    E. Increase inspections   **(1)**

12. Political risk analysis is conducted by a company considering international operations and normally focuses on the

    A. World economy generally.
    B. Relations between the USA, Japan and Europe.
    C. Relations between Africa and the rest of the world
    D. Political and cultural differences between the home and target country.
    E. Industrialisation of the target country.   **(1)**

13. A necessary product/service requirement to meet the Japanese interpretation of 'quality' is

    A. To comply with all safety standards.
    B. To cost no more than necessary.
    C. To reduce costs
    D. To meet a design brief.
    E. To meet customer expectation   **(1)**

14. Collaborating with its suppliers may bring a company added value because it can

    A. Strike a harder bargain with its suppliers.
    B. Work with a supplier to improve quality and reduce costs.
    C. Avoid transaction costs.
    D. Introduce price competition amongst suppliers
    E. Reduce the number of transactions.   **(1)**

15. Economic Order Quantity (EOQ) represents a form of…
    A. Inventory system based on economic order quantities.
    B. European observance quality certification.
    C. A quality management system (QMS) that provides the organisational structure, procedures, processes and resources needed to assure the quality of goods and services
    D. Equal opportunity quantification index used in HRM.
    E. Japanese inspired technique aimed at continuous improvement.   **(1)**

16. According to this theorist, there are two groups of work related factors that could cause satisfaction and dissatisfaction respectively. Which theory is this?
    A. Maximising prosperity
    B. Scientific management
    C. Two factor theory
    D. Bureaucracy
    E. Human relations   **(1)**

17. In his theory, Adam argued that people are motivated by a fair return for their efforts and not necessarily the maximum return. Which theory is this?
    A. Two factor theory
    B. Hierarchy of needs
    C. Human relations
    D. Equity theory
    E. Contingency theory   **(1)**

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18. According to McGregor, these group of individuals are motivated by the satisfaction of their needs through work and their wish to make a contribution towards organisational goals. Which theory describes this group of people?
    A. Theory X
    B. Theory Y
    C. Equity theory
    D. Contingency theory
    E. Two factor theory   **(2)**

19. Which of the following defines Brand equity?
    A. Something that only exists in the minds of customers.
    B. The value due to the premium customers are prepared to pay for branded goods.
    C. Additional production costs arising from product differentiation of branded goods.
    D. Promotional costs for the different brands.
    E. A purely notional concept.   **(1)**

20. An organisation that continually uses promotional offers in order to entice customers is known as which ONE of the following?
    A. Marketing orientated.
    B. Production orientated.
    C. Product orientated.
    D. Sales orientated.
    E. Market orientated   **(1)**

21. An organisation that offers the same product to the market as a whole is said to engage in which ONE of the following?
    A. Unitary marketing
    B. Concentrated marketing
    C. Differentiated marketing
    D. Undifferentiated marketing
    E. Focus marketing   **(1)**

22. Total productive maintenance involves which of the following?
    A. Maintaining worker satisfaction and high productivity.
    B. A cycle of PDCA.
    C. Ensuring enough products are produced.
    D. A prevention of quality failures through equipment faults.
    E. Eliminating non-value adding activities from a process.   **(1)**

23. A test whereby individuals are required to type is an example of which type of test that is used in the selection process?
    A. Psychological Test
    B. Aptitude Test
    C. Intelligence Test
    D. Personality Test
    E. Arithmetic Test   **(1)**

24. Identify which of the following do not constitute the objectives of performance appraisals.
    A. Identifying areas that require improvement
    B. Improving communication between different levels in the hierarchy

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C. Comparing the individual's level of performance against a standard, as a means of quality control
D. Ensuring that management and subordinates have a clear and conflict free relationship
E. Monitoring the organisations initial selection procedures against subsequent performance **(1)**

End of Section

SECTION B
40 marks

Select the correct answer:

25. Nick and Mufunwa have recently completed their PGDip in Financial Management and are considering setting up a private company where their customers will benefit from the services that the company will provide and the commercial operations are owned by their customers?

This type of company is called….

    A. Not-for-profit organisation
    B. Mutual organisation
    C. Profit seeking organisation
    D. Multinational organisation
    E. State-owned organisation   **(2)**

26. Puleng Mokubung is a fashion designer of the clothing label, Mantsho from Johannesburg, who specializes in female clothing. After three years of a successful business, she decided to venture into children and male clothing as part of her growth strategy. Identify which **ONE** of the following expansion structure has she chosen?

    A. Backward integration
    B. Forward integration
    C. Horizontal integration
    D. Vertical integration
    E. Feed-Forward integration   **(2)**

27. South Africa's Gross Domestic Product (GDP) grew by 2.2% in the third quarter of 2018, following a 0.4% contraction in the previous period. Despite the numerous attempts to drive up employment and drive down the inflation rate, the economy has largely been stagnant over the past five years. The government always tries to ensure a balance between employment and inflation through its policy on taxation and spending.

This is referred to as….

    A. Corporate political policy
    B. Socio-economic policy
    C. Monetary policy
    D. Taxation policy
    E. Fiscal policy   **(2)**

28. Consider the following statements regarding the financial statements:

Statement 1: The Statement of Profit & Loss contains the list of assets that a company owns and liabilities owed by it at a particular date.

Statement 2: The Statement of financial position shows sources of cash generated during a period and how these funds have been spent.

Statement 3: The Statement of cash flows records income generated and expenditure incurred over a given period.

Select the correct option?

   A. All statements are TRUE
   B. All statement are FALSE
   C. Statement 1 is TRUE, Statement 2 is TRUE and Statement 3 is FALSE
   D. Statement 1 is TRUE, Statement 2 is FALSE and Statement 3 is FALSE
   E. Statement 1 is FALSE, Statement 2 is TRUE and Statement 3 is FALSE   **(2)**

29. Consider the following definition and fill in the missing words:

Big Data involves the **………(i)………..**of large amounts of **………(ii)………..**to find trends, understand customer needs and helps organisations to focus **…………(iii)……..**more effectively.

Select the correct answer?

   A. (i) capturing; (ii) data; (iii) resources
   B. (i) interpretation; (ii) information; (iii) data
   C. (i) collection and analysis; (ii) data; (iii) resources
   D. (i) interpretation; (ii) resources; (iii) information systems
   E. (i) collection and analysis; (ii) resources; (iii) information systems   **(2)**

30. Samke and Simphiwe are sisters that own a bakery called SimSam Cakes and have been thinking about opening an online store and developing an app to allow for more efficient transacting for their customers. They are concerned about internet crime and abuse that they will be exposed to. Identify which of the following are examples of these internet crime?

   A. Hacking – access to proprietary data
   B. Jamming – Tie up the host computer
   C. Spoofing – fraudulent misrepresentation
   D. All of the above
   E. None of the above   **(2)**

31. Problems that occur when implementing a new information system can usually be traced to deficiencies in the development process. Identify the problems associated with the programming stage?

   i.   Insufficient time and money
   ii. Logic of the program is misunderstood
   iii. Incomplete and inaccurate specifications
   iv. Programs are not adequately documented
   v.   Poor programming techniques that result in programs that are hard to modify

Select the correct answer?

   A. (i); (ii); (iv)
   B. (ii), (iii); (iv)
   C. (i); (iii); (iv); (v)
   D. (ii); (iii); (iv); (v)
   E. (i); (ii); (iii); (iv); (v)   **(2)**

Please use the below scenario to answer question 32 to question 43:

Durban July is a Vodacom horse racing event that happens every first week of July in Kwa-Zulu Natal, South Africa. During this weekend a large number of people travel down to Durban to enjoy the festivities during.

Mango airline is a state owned South African low cost airline.

Mango airlines has experienced an upsurge in the number of people that want to use the airline as a result of the Durban July event and in light of news that their competitor Comair, operates 8 Boeing 737 Max 8 aircrafts. The Boeings 737 Max 8 are believed to have technical issues which resulted in two major air crashes in the past 5 months. As a result, customers do not want to fly Comair.

While Mango has 17 aircrafts in total, usually only 2 aircrafts are allocated for the Durban trips on a daily from Johannesburg, one at OR International Airport and the other at Lanseria Airport. Each aircraft completes 4 trips. There are in total 11 trips into Durban and 11 trips out of Durban International airport on a daily, including flights from other parts of the country such as Cape Town, Port Elizabeth, etc. These aircrafts hold a maximum of 186 passengers on board.

Usually by end of March, only 25% of the different leg trips would be booked. However, this year, the flights were already booked to 60% of their capacity as at 14 March 2019. On that weekend, the majority of the people fly out of Johannesburg on Friday afternoon and return on Sunday midday to early afternoon.

Mango buys fuels in bulk and stores it in a rented storage facility, as the fuel has to be stored in a specific way. They usually hold high storage of fuel during peak travelling times such as school holidays and major events like the Durban July. This facility costs them R50000 a month to store 10000 liters of fuel.

32. In the past 6 months, Boeing, an aircraft manufacturer has had 2 of their Air Maxx 787 airplanes involved in fatal crashes. These crashes were all over the news and have resulted in some companies that operate these particular aircrafts, such as Comair, to pull them from operations. According to the four quality costs, which cost is reflected by the crashes for Boeing?
    A. External failure
    B. Internal failure
    C. Prevention Cost
    D. Appraisal cost
    E. Inspection cost **(2)**

33. In order to have competitive prices, Mango has a procurement strategy where purchasing is fully integrated into the major business activities in the organisation. According to Reck and Long's four phase of procurement development, which phase is Mango at?
    A. Integrative
    B. Passive
    C. Active
    D. Supportive
    E. Independent **(1)**

34. As fuel is such an important material for the company, Mango needs a strong relationship with its fuel supplier so that they can also enjoy economies of scale with buying in bulks. Which supplier sourcing strategy will be suitable for Mango?

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    A. Parallel
    B. Integrative
    C. Delegated
    D. Single
    E. Multiple **(1)**

35. Aircraft acquisition is an important aspect at Mango as they have to ensure that they get the right capacity that will allow them to implement competitive prices. In their value chain, according to Porter's Value chain, which primary activity would aircraft acquisition form part of?
    A. Outbound logistics
    B. Inbound logistics
    C. Operations
    D. After Sales services
    E. Marketing and Sales **(2)**

36. "On time flights" is a very important factor in quality measure in the airline industry. As a result, in order to reduce instances of breakdowns and improve accuracy of flying schedule, all employees through small group activities carry out maintenance. Which quality management tool are they using?
    A. Total Productive Maintenance
    B. Regular maintenance
    C. ISO
    D. Business Process engineering
    E. Lean production **(2)**

37. "On time flights" is a very important factor in customer satisfaction quality measure in the airline industry. According to the Balanced scorecard, under which perspective will the measure of "on time flights " be?
    A. Financial
    B. Customer
    C. Operational: Internal operations
    D. Operational: Innovation and learning
    E. Operational: External operations **(1)**

38. At Mango, on time flights is important and everyone in the organisation is responsible for improving processes and systems under their control in order to ensure that all flights are always on time and there is also a strong commitment to quality from senior management. Which principle of Total Quality management is reflected here?
    A. Continuous improvement
    B. Participation
    C. Right first time
    D. Everyone's concern
    E. Eliminate waste **(1)**

39. There is also a team of workers from different departments within the organsiation that meet every month to discuss issues relating to the quality of service at Mango. Which continuous improvement does the team represent?

    A. Total Productive maintenance
    B. Teamwork

    C. Quality circles
    D. Six Sigma
    E. Lean Production   **(1)**

40. As a result of the upsurge in demand, it seems that Mango will have more demand than they will be able to provide for the Durban flights in July. What is this classified as?
    A. Undercapacity
    B. Overcapacity   **(1)**

41. Mango has only two aircrafts that they can use for the Durban trips in the short to medium term and want to achieve as much revenue as possible from the two flights. Which strategy will be suitable for them to manage capacity and demand?
    A. Chase demand
    B. Level demand
    C. Flexible Manufacturing system
    D. Yield Management
    E. Queueing theory   **(2)**

42. As the popular travelling time is Friday afternoon, Mango has tried to reduce demand by switching it to off peak periods. Flying out on Friday afternoon on the Durban July weekend is therefore priced at R1899 as opposed to the R1099 it will cost a customer to fly out on the Friday morning. Which price setting strategy have they used?
    A. Price discrimination
    B. Target costing
    C. Market skimming
    D. Market penetration
    E. Quantum pricing   **(2)**

43. Mango has also noticed that a customer is more likely to purchase an airline ticket that is priced at R1899 as opposed to R1900 and therefore they apply this pricing strategy in the organisation. Which price setting strategy do they use?
    A. Price discrimination
    B. Target costing
    C. Market skimming
    D. Market penetration
    E. Quantum pricing   **(2)**

44. Schein divided people into '4 groups of man' with different behavioural traits and motivated by different things. Which group of man's motivation is based on psychological contract between employer and employee?
    A. Social man
    B. Rational economic man
    C. Complex man
    D. Self actualising man
    E. Calculative man   **(2)**

45. Lawrence and Lorch argued that there is no best way to manage organisations and that organisation structure and management approach must be tailored to the situation. Which human resource management theory is this?
    A. Maximising prosperity
    B. Scientific management

C. Contingency theory
D. Bureaucracy
E. Human relations **(2)**

46. Identify which of the following options constitute the advantages of succession planning
    i.   It maintains the organisations culture, as long-serving employees are promoted
    ii.   Better candidates may be available outside the business
    iii.   It can be cheaper than advertising or using agencies
    iv.   It Reduces "fresh blood" at higher levels in the organization
    v.   It develops career structures

    A. i,iv,v
    B. ii,iv,v
    C. I,iii,v
    D. None of the above
    E. All of the above **(2)**

47. Identify which of the following constitute aspects of Human Resource Development
    i.   Providing formal training courses
    ii.   On the job training
    iii.   Succession and career planning
    iv.   Job redesign

    A. (i) only
    B. (i) and (ii) only
    C. (i), (ii) and (iii)
    D. (i), (ii), (iii) and (iv)
    E. None of the above **(2)**

End of Section B

SECTION C   35 marks

Question 1:

Greenspace Communication Services is a leading business solutions provider that was founded by two friends who studied at university together ten (10) years ago. Greenspace's webpage explains its business approach as follows:

"*While many changes have occurred in the industry over the past decade, our belief in the need for the best customised communication system and high level of commitment has remained. Greenspace's highly trained staff ensure customers always receive excellent reliability and technology. Should a problem arise, their own technicians are available 24 hours a day, 7 days a week*".

Greenspace employs 200 technicians who each have detailed specialist knowledge of different systems and a sales team which stays up to date on the different solutions available. Greenspace's call centre staff forward most queries from existing customers to the relevant technician and enquiries from potential new business clients to the sales team.

The Executive Committee of Greenspace meets monthly to review company strategy and performance and at the last meeting they noted that;

• Staffing costs as a proportion of sales are higher than its competitors;
• Several competitors are now offshoring some of their activities;
• Greenspace's technicians are highly skilled and knowledgeable but in only a few systems.

The CEO drew reference to the training budget and has asked if economies could be made.

For their next scheduled meeting the Chief Operations Officer has agreed to investigate the potential for offshoring part of Greenspace's operations

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REQUIRED:

  1.1   **Contrast and Compare** offshoring to outsourcing?   **(3)**

  1.2   **Discuss** the issues Greenspace should take account of as part of its consideration of the potential for offshoring.

                                                                                   (12)

Question 2   20 marks

Bradlows is a manufacturer of bedroom furniture with four factories in the south of the country. As a result of declining company financial performance, the Managing Director (MD) engaged a

management consultant to conduct an overall review of Bradlow's activities and highlight the issues of greatest concern.

The management consultant's main findings are as follows:

➢ No systematic Quality Control exists and differing operating efficiencies exist both within and between Bradlow's factories;
➢ There is an increasing incidence of furniture being returned which requires replacement or reworking. There are also a substantial number of items returned as part of extended guarantee arrangements;
➢ Currently Bradlows tries to sell its full product range to all potential customers, even though it is geographically difficult to fulfil obligations to customers in the north of the country. Bradlows needs to rethink this marketing approach and should undertake careful market segmentation.

Having considered the consultant's report, the MD has decided that Bradlows will conduct a detailed exercise in market segmentation and, furthermore, will put in place measures to improve product quality. The Production Manager has, however, previously suggested to him that the way forward is to employ dedicated Quality Control (QC) inspectors as part of a Quality Control (QC) system. The MD has also launched a new initiative he calls 'sharpening the focus' which is centered on improving corporate governance, connecting more closely with customers and improving marketing practices.

REQUIRED:

2.1 Describe the benefits of market segmentation to Bradlows.

(10)

2.2 Explain how effective brand management can assist Bradlow's' sharpening the focus' initiative. (focus on the objectives of brand management)

(10)

End of assessment

CIMA Verb levels

Learning Objective	Verbs	Definition
1. Knowledge What you are expected to know	List State Define	Make a list of Express, fully or clearly, the details of / facts of Provide the exact meaning of
2. Comprehension What you are expected to understand	Describe Distinguish Explain Identify Illustrate	Communicate the key features Highlight the differences between Make clear or intelligible / State the meaning of Recognise, establish or select after consideration Use an example to describe or explain something
3. Application How you are expected to apply your knowledge	Apply Calculate / Compute Demonstrate Prepare Reconcile Solve Tabulate	To put to practical use To ascertain or reckon mathematically To prove with certainty or to exhibit by practical means To make or get ready for use To make or prove consistent / compatible Find an answer to Arrange in a table
4. Analysis How are you expected to analyse the detail of what you have learned	Analyse Categorise Compare and Contrast Construct Discuss Interpret Prioritise Produce	Examine in detail the structure of Place into a defined class or division Show the similarities and/or differences between To build up or compile To examine in detail by argument To translate into intelligible or familiar terms Place in order of priority or sequence for action To create or bring into existence
5. Evaluation How are you expected to use your learning to evaluate, make decisions or recommendations	Advise Evaluate Recommend	To counsel, inform or notify To appraise or assess the value of To advise on a course of action.

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