



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

**SUBJECT:** BUSINESS MANAGEMENT  
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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.

**SECTION A****[40 MARKS]****QUESTION 1**

When developing a website for external communication, the process of making sure that your site floats to the top of the relevant research results is better known as SEO. This refers to \_\_\_\_\_ .

- A strategic engine organisation
- B search engine optimisation
- C strategic enigma optimisation
- D setting evolvement organ

**QUESTION 2**

Various communication barriers impact on the effectiveness of communication. The following are some examples of such communication barriers.

- (i) Perception, communication skills, information overload and filtering.
- (ii) Noise, poor listening, channel selection and emotions.
- (iii) Trust and credibility.
- (iv) Diversity and language.
- (v) Stereotypes and prejudices.

Choose the correct answer:

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

**QUESTION 3**

The purchasing and supply function should \_\_\_\_\_ .

- (i) select suppliers
- (ii) determine the timing of purchase
- (iii) expedite and receive materials
- (iv) plan warehousing and inventory holding

Choose the correct answer:

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

**QUESTION 4**

The \_\_\_\_\_ means that if purchasing costs constitute a major portion of the total cost of a business, a saving in purchasing costs has a greater profit potential than a similar increase in sales.

- A inventory management effect
- B profit-leverage effect
- C cost-saving effect
- D price proficiency effect

**QUESTION 5**

Which of the following control points can be used to gauge the effectiveness of purchasing and supply activities?

- (i) Price proficiency
- (ii) Supplier performance
- (iii) Timeliness
- (iv) Workload

*Choose the correct answer:*

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

**QUESTION 6**

The aim of buying at the right time is \_\_\_\_\_ .

- A to ensure that the business is supplied on an ongoing basis with the materials and services for it to operate with interruptions
- B to decrease profitability
- C to keep inventory-holding at a minimal level
- D to reduce the risk of price fluctuations

**QUESTION 7**

The following is a production system that virtually eliminates the holding of inventory.

- A Quick-response system
- B Just-in-time system
- C automatic-replenishment system
- D Cyclical-ordering system

**QUESTION 8**

Long-term funds, short-term funds and shareholders' interest are detailed on the \_\_\_\_\_ side of the \_\_\_\_\_.

- A asset; statement of financial position
- B liability; statement of financial position
- C expenditure; statement of financial performance
- D earnings; statement of financial performance

**QUESTION 9**

Which one of the following is an example of a non-current asset?

- A Cash in the bank
- B Inventories
- C Debtors
- D Vehicles

**QUESTION 10**

\_\_\_\_\_ budgeting enables a business to look at its activities and priorities afresh on an annual basis.

- A Traditional
- B Capital
- C Balanced
- D Zero-base

**QUESTION 11**

Which one of the following is the correct sequence of the cash cycle in a business?

- A Raw materials – cash – debtors – cash – finished products.
- B Cash – debtors – raw materials – finished products – cash.
- C Cash – raw materials – finished products – debtors – cash.
- D Cash – raw materials – debtors - cash – finished products.

**QUESTION 12**

How many of the following characteristics of a preference share are correct?

- (i) The term of availability is limited.
  - (ii) Authority can vary between full voting rights and no voting rights.
  - (iii) It has preferential claim over ordinary shares on profit after tax.
  - (iv) It has preferential claim over ordinary shares on the assets of the business in the case of liquidation.
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- A One
  - B Two
  - C Three
  - D Four

**QUESTION 13**

Which one of the following factors will have an impact on an organisation that decides to follow a global-based strategy for manufacturing, procurement or distribution of materials, goods and services?

- A Global logistics
- B Material resources planning
- C Outbound logistics
- D Location of facilities

**QUESTION 14**

Which one of the following variables is used by the Distribution Resource Planning system to set inventory control parameters and calculate time-phased inventory requirements?

- A The scheduled receipts at the beginning of a period.
- B The on-hand inventory at the beginning of the period.
- C The backordered demand at the beginning of the period.
- D The required quality of product needed at the beginning of the period.

**QUESTION 15**

Jade is the marketing director of the Just-in-Time Watch Company. She uses the sales figures from the last three years to predict how the company's sales will look for the next year. Which type of sales forecasting technique is Jade using?

- A Forecasting by a panel of experts.
- B Forecasting based on market-research results.
- C Forecasting based on historical data.
- D Forecasting based on the consumers' reactions.

**QUESTION 16**

Market segmentation is the process in which the total \_\_\_\_\_ market is divided into smaller \_\_\_\_\_ groups.

- A heterogeneous; homogeneous
- B homogeneous; heterogeneous
- C consumer; target
- D target; consumer

**QUESTION 17**

Brand loyalty and price sensitivity are factors that determine the \_\_\_\_\_ criteria for market segmentation.

- A geographic
- B behavioural
- C demographic
- D psychographic

**QUESTION 18**

Horizontal communication in organisations involves \_\_\_\_\_ .

- A performance reports
- B indoctrination
- C grievances and disputes
- D intradepartmental coordination

**QUESTION 19**

Which of the following are typical examples of activities associated with the 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 send the message through channel

**QUESTION 21**

**Read the scenario below and answer Questions 21 and 22.**

Mpho has been working for over a year now and has decided that he would like to purchase his own vehicle. As Mpho has never had his own car before, he decides to base his decision on car brands he knows and has heard of Toyota, Volkswagen and Ford.

What are the advantages for Mpho when basing his decision on these well-known car brands?

- (i) They assure Mpho of a quality standard vehicle he can count on.
- (ii) They offer Mpho a certain degree of protection.
- (iii) They serve as a warning against cars that do not meet his requirements.
- (iv) They facilitate easier decision making as Mpho already recognises the brand.

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

**QUESTION 22**

During which phase of brand loyalty is Mpho moving?

- A Brand insistence
- B Brand preference
- C Brand recognition
- D Brand appreciation



**QUESTION 23**

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

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

**QUESTION 24**

SABMiller owns four global beer brands namely Grolsch, Miller Genuine Draft, Peroni and Pilsner Urquell. Grolsch, Miller Genuine Draft, Peroni and Pilsner Urquell are examples of \_\_\_\_\_ brands.

- A manufacturer
- B family
- C generic
- D individual

**QUESTION 25**

Lean manufacturing is often described as a \_\_\_\_\_ system as opposed to a \_\_\_\_\_ system.

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

**QUESTION 26**

How many of the following does the contribution of human resources to organisational effectiveness include?

- (i) Assisting everybody in the organisation to reach stated goals.
- (ii) Taking responsibility for recruitment and selection.
- (iii) Being involved in strategic decision-making and strategy formulation of the organisation.
- (iv) Doing random human resource spot checks.
- (vi) Providing the organisation with well trained and motivated employees.

*Choose the correct answer:*

- A Two of the above
- B None of the above
- C One of the above
- D Three of the above

**QUESTION 27**

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 28**

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 29**

In most organisations, apart from \_\_\_\_\_ organisations, the investment in people has more effect on organisational success than investment in other resources such as materials, equipment or capital.

- A process intensive
- B profit focussed
- C capital-intensive
- D vision focused

**QUESTION 30**

Which of the following concepts are applicable in a systems approach when pouring wine in a glass?

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

*Choose the correct answer:*

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

**QUESTION 31**

\_\_\_\_\_ is the process of using an organisation's goals and strategy to forecast the organisations human resource needs in terms of finding, developing and keeping qualified human resources.

- A Human resource planning
- B Human resource recruitment
- C Human resource selection
- D Human resource socialisation

**QUESTION 32**

A \_\_\_\_\_ can be defined as the social or geographical area from which a business draws its employees.

- A recruitment zone
- B human resource pool
- C customer base
- D labour market

**QUESTION 33**

If the correct procedures as prescribed by the \_\_\_\_\_ are not followed in the event of a retrenchment, the consequences for the organisation can be dire.

- A Occupational Health and Safety Act (No. 85 of 1993)
- B National Qualifications Framework Act (No. 67 of 2008)
- C Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993)
- D Labour Relations Act (No. 66 of 1995)

**QUESTION 34**

In the South African context, one of the crucial roles of the human resource (HR) manager is to improve the \_\_\_\_\_ of employees and to contribute to the \_\_\_\_\_ of the organisation.

- A dreams; vision
- B skills base; profitability
- C intellectual wellbeing; sustainability
- D growth; growth

**QUESTION 35**

The operations function is primarily aimed at the utilisation of \_\_\_\_\_ to manufacture products or render services.

- A tools
- B resources
- C energy
- D minerals

**QUESTION 36**

The operations manager should liaise closely with the \_\_\_\_\_ in order to manage inventory levels optimally.

- A general manager
- B logistics manager
- C purchasing manager
- D dispatch manager

**QUESTION 37**

According to the total quality management (TQM) model of \_\_\_\_\_, the focal point of total quality is the underlying processes that occur at each customer/client and supplier interface.

- A J.M. Juran
- B P.B. Crosby
- C A. Feigenbaum
- D J.S. Oakland

**QUESTION 38**

The \_\_\_\_\_ of output refers to the particular demand pattern for the output of the operation, which may be constant or may be highly irregular, non-routine and unpredictable.

- A verifiability
- B variation
- C visibility
- D variety

**QUESTION 39**

\_\_\_\_\_ entails the application of techniques designed to determine how long it takes a trained and qualified worker to do a specific job at a fixed level of performance.

- A Method measurement
- B Method study
- C Work study
- D Work measurement

**QUESTION 40**

While the basic purpose of all operations is similar in that they transform inputs into outputs, the processes may differ fundamentally in how many of the following ways?

- (i) The velocity of output may differ.
- (ii) The variety of output may differ.
- (iii) The verification of output may differ.
- (iv) The volatility of output may differ.

*Choose the correct answer:*

- A Two of the above
- B None of the above
- C One of the above
- D Three of the above

**SECTION B****[60 MARKS]****QUESTION 1****[16 MARKS]**

- 1.1 Discuss the advantages of a centralised (5 points) and a decentralised (4 points) purchasing and supply structure. (9)
- 1.2 Certain costs increase when large quantities of stocks are purchased while other costs decrease. **Explain** three disadvantages of holding too much inventory and four disadvantages holding too little inventory. (7)

**QUESTION 2****[12 MARKS]**

- 2.1 **Describe** five material flow concepts of lean logistics. (5)
- 2.2 **Name** important players in the supply chain management. (7)

**QUESTION 3****[20 MARKS]**

NB Use the following case study to answer Question 3.

**VW's EMISSIONS SCANDAL**

Since VW was ousted for cheating emissions tests in the US with its 'defeat device' - with half a million vehicles recalled in America and countries such as the UK, Italy, France and Canada opening investigations - it's safe to say VW's reputation has been in tatters. And for a company built on trust and dependability, it now faces its biggest challenge yet as it tries to recover. When the news broke, the then Chief Executive, Prof Dr Martin Winterkorn, said VW had "broken the trust of its customers and the public". But what about the impact on VW's most valuable stakeholders! Its people? So far, VW has ticked all the right external crisis communications boxes - publicly admitting guilt, removing Winterkorn from the board and committing to an internal investigation to get to the root of the issue. But this scandal runs much deeper than winning back customers. Whilst all stakeholders have a part to play in rebuilding the brand, employees are arguably the most important. The VW Group has a global workforce of 600,000 employees who will all be impacted by what's happened. All feeling the stress, worry and insecurity of working for a company about to take a huge financial hit - with fines to the tune of £4.7 billion - make millions of product recalls, freeze production lines and experience a colossal drop in sales.

But it's not just about job security. Unlike most crises, which are often caused by external impacts on a brand or company, this scandal came from the inside. It's still unclear as to who knew what within the company but the fact is that a number of VW managers must have played a part. It's the beliefs, values and behaviours of a company's workforce that creates an organisational culture. VW's culture was that of trust, integrity and reliability, all of which have been jeopardised, putting into question everything staff believe about the brand they represent and ultimately, the people they work with.

Source: <http://www.aberfield.com/2015/10/14/volkswagen-internal-crisis-comms/>

The pressure has been ratcheted up on the chief executives of VW group and Audi, a key subsidiary, after the latter was forced to admit a second illegal defeat device had been deployed in emissions cheating after initially denying it. Far from being an isolated incident, this is just one in a series of communications errors during its near three-month-old emissions scandal that experts say has deeply hurt VW. "The mismanagement of the crisis will be a classic case study in business schools around the world," says Professor Erik Gordon of the Ross School of Business at the University of Michigan. He adds: "VW is taking every opportunity to compound its troubles with US regulators and the damage to its image with US consumers." Everyone from investors and analysts to consumers and dealers have bemoaned VW for what they see as the insufficient, and sometimes misleading, information the carmaker has given about its problems.

"VW's crisis communications to date have not left us with the feeling that the company has managed to get on top of things," says Hans Hirt, head of responsible investment at activist investor Hermes Equity Ownership Services, which is a VW shareholder. VW's communications problems began even before the scandal became public. Engineers from the carmaker admitted to the US Environmental Protection Agency on September 3 that 480,000 diesel cars had been fitted with an illegal defeat device that served to understate emissions of nitrogen oxides in official tests. But the news only reached the wider world on September 18 when the regulator, not VW, disclosed it. VW is now under investigation by BaFin, the German financial regulator, over whether it should have disclosed its admission to the United States Environmental Protection Agency USEPA sooner, while the carmaker is likely to face lawsuits from investors aggrieved at allegedly tardy disclosure. VW's own supervisory board members are also angry about only finding out from the media about the engineers' statements about defeat devices. Martin Winterkorn, then VW's chief executive, did little to assuage matters when he made a video statement on September 22 about inquiries into "irregularities" found in diesel engines that ended with: "We will do all this with the greatest possible openness and transparency." The next day he resigned but not without uttering the awkward phrase: "I am not aware of any wrongdoing on my part." Things have scarcely improved under Mr Winterkorn's successor, Matthias Müller. VW has said as many as 11m cars with 1.2, 1.6 and 2-litre diesel engines have defeat devices, but customers and investors have complained about a lack of clarity over which models are affected as well as just what the company's fixes will involve. "It's difficult to understand why it is taking so long to assess systematically across VW's brands which engines are affected, what the solutions are and ideally what costs they will involve," says Mr Hirt. VW's communication problems intensified last month. On November 2, the USEPA said it had uncovered another defeat device in Audi, Porsche and VW 3-litre diesel cars, which affects 85,000 vehicles. VW's response was both quick and terse. "Volkswagen AG wishes to emphasise that no software has been installed in the 3-litre V6 diesel power units to alter emissions characteristics in a forbidden manner," it said in a press release that evening. Investors were alarmed that VW seemed to be picking a fight with the US regulator, which has the power to fine it substantial sums of money. More followed the next day when VW admitted to a third emissions problem: 800,000 cars had understated their carbon dioxide levels and it was setting aside €2bn to deal with the problem. But critical information - including the models involved and that petrol engines were implicated for the first time - was only revealed in questions to VW



officials. Max Warburton, an analyst at Bernstein Research, said at the time: “The press releases from VW seem almost purposefully designed to infuriate further investors ...

Source: <https://www.ft.com/content/b9f35440-98ed-11e5-bdda-9f13f99fa654>

- 3.1 Various conditions can positively or negatively influence the external communication outcomes. **List** 9 successful external communication conditions and **evaluate** VW against these conditions, regarding how they handled communication during the ‘emission’ scandal. (18)

**NB: 1 mark for listing and 1 mark for evaluating.**

- 3.2 The case study mentioned that all stakeholders have a part to play in rebuilding the brand of VW after the ‘emission’ scandal. **Identify** any two of VW’s government stakeholders mentioned in the case study. (2)

#### QUESTION 4

[12 MARKS]

**Statement of Financial Position of XY Projects at 30 December 2018.**

**NB: Use the information in this table to answer Questions 4.1, 4.2, 4.3 and 4.4.**

<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>

- 4.1 **Calculate** the current ratio of XY Projects. (2)
- 4.2 **Interpret** the answer in 4.1 above. (1)
- 4.3 **Calculate** the Acid test ratio of XY Projects. (2)
- 4.4 **Interpret** the answer in 4.3 above. (1)
- 4.5 **Name** the purpose of the each of the following financial tools. (3)
- The solvency ratio ✓

- The statement of financial position ✓
- The gross profit margin ✓

Joshua sells some fruit juice. He has calculated his annual fixed costs to be R15 000. Joshua charges R8 per 250 ml bottle of fruit juice. His variable costs are R2 per bottle.

4.6 **Calculate** the number of beverages Joshua needs to sell in order to break even. (3)

**END OF ASSESSMENT**