



**COLLEGE OF BUSINESS AND ECONOMICS  
JOHANNESBURG BUSINESS SCHOOL  
DEPARTMENT OF BUSINESS MANAGEMENT  
FINAL SUMMATIVE ASSESSMENT**

<b>MODULE:</b>	Introduction to Business Management 1B
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<b>EXAMINER:</b>	Mr MS Nchabeleng
<b>MODERATOR:</b>	Ms A Bosch
<b>NUMBER OF PAGES:</b>	21

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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** on the scanner sheet provided. Indicate the correct answer as per the instructions on the scanner sheet.
    - Answer **Section B & C** 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****[60 MARKS]****QUESTION 1**

How does one differentiate between the sciences of Business Management and Economics?

Choose the correct statement.

- A Business management concentrates on the broad economy and operations of the country.
- B Economics focuses on the organisations that pursue profits.
- C Economics is considered a science and Business Management an art.
- D Business Management focuses on organisations that are intent on making a profit.

**QUESTION 2**

You have read and seen in newspapers and become familiar with the term Gross Domestic Product. What does GDP mean?

- A The total final production within a country including production from outside the borders of the country.
- B It only looks at the products of small, micro and medium enterprises (SMME).
- C The final production within the country used to determine the growth and decline of a country's economy.
- D The final production of goods and services produced in a country is not of real significance.

**QUESTION 3**

When a manager use inputs, such as resources, and transforms them into outputs, such as services and products, it refers to the\_\_\_\_\_.

- A free market economy
- B command economy
- C system theory
- D socialist economy

**QUESTION 4**

The main objectives that a person considers when establishing an organisation is to:

- i. contribute to the growth of the economy
- ii. lower the rate of unemployment
- iii. satisfy consumer needs
- iv. add value

Choose the correct combination

- A i, ii, iii,
- B ii, iii
- C ii, iii, iv
- D i, iv

**QUESTION 5**

Maslow's Hierarchy includes a pyramid of needs, ranging from basic needs to higher order needs. There have been many critics against this theory. Which one of the following statements reflects the most relevant criticism against Maslow's Hierarchy of needs?

- A They disagree with Maslow that people operate only on one level at a time and indicate that money is a stronger motivator.
- B They state that people's needs have changed.
- C They indicate that three lower order needs can take place at the same time.
- D None of the above

**QUESTION 6**

The \_\_\_\_\_ indicates all the forces and elements external to the organisation, which influence the organisation in terms of their internal activities, goals and objectives.

Choose the correct term

- A micro environment
- B market environment
- C business environment
- D macro environment

**QUESTION 7**

As a manager of a large retail organisation, you have decided to restructure your organisation, and set new strategic goals and objectives. This would necessitate that you would be involved in the \_\_\_\_\_.

- A business environment
- B market environment
- C micro environment
- D macro environment

**QUESTION 8**

A statement that refers to the existence of an organisation, is referred to as the organisation's \_\_\_\_\_.

- A vision statement
- B goals and objectives
- C value statement
- D mission statement

**QUESTION 9**

A \_\_\_\_\_ indicates what the organisation wants to achieve over the long term and the \_\_\_\_\_ indicates what the organisation wants to achieve over the short term.

Choose the correct combination.

- A goal and vision
- B mission and vision
- C objective and mission
- D goal and objective

**QUESTION 10**

You have an established organisation that has been in existence for a long period of time. You have now decided to have two management levels instead of three. This is referred to as the \_\_\_\_\_.

- A organisational mission
- B change and innovation
- C organisational structure
- D organisational culture

**QUESTION 11**

In your organisation you have decided to introduce classic clothing day on Fridays, in which employees will be asked to come dressed-up in informal attire/clothing. This would be reflective of the \_\_\_\_\_.

- A organisation vision
- B organisational culture
- C organisation mission
- D organisational structure

**QUESTION 12**

Cellphone manufacturers like Samsung and Apple are continuously seeking solutions to improve and enhance their smartphones with apps and improved features. This would be regarded as \_\_\_\_\_.

- A organisational diversity
- B organisational culture
- C organisational structure
- D organisational innovation

**QUESTION 13**

The key role players that interact with the organisation on a more direct basis are found in the \_\_\_\_\_.

- A micro environment
- B market environment
- C macro environment
- D business environment

**QUESTION 14**

If a manager is explaining the key role players that exist in the market environment to his/her team, which one of the following will NOT be discussed?

- A Customers
- B Stakeholders
- C Employees
- D Intermediaries

**QUESTION 15**

\_\_\_\_\_ could also be described as the focus point at which the organisation targets its products and services, taking into account their unique needs.

- A Intermediaries
- B Stakeholders
- C Customers
- D Suppliers

**QUESTION 16**

Which of the following is NOT one of the areas in which the importance of entrepreneurship can be illustrated?

- A Innovation
- B Number of new start-ups
- C Job creation and employment
- D Bureaucracy

**QUESTION 17**

An individual who has prior business ownership experience is called a(n) \_\_\_\_\_.

- A novice entrepreneur
- B habitual entrepreneur
- C serial entrepreneur
- D portfolio entrepreneur

**QUESTION 18**

An individual who has no prior experience as a business founder, inheritor of a business or a purchaser of a business is called a(n)\_\_\_\_\_ entrepreneur.

- A habitual
- B novice/new
- C serial/killer
- D portfolio

**QUESTION 19**

All of the following represents countries in which the highest level of entrepreneurship activity was found, except \_\_\_\_\_ .

- A UK
- B Germany
- C South Africa
- D China

**QUESTION 20**

You as an entrepreneur do not prefer to become a manager and you prefer to sell your business when it has become too big or when it requires less entrepreneurial input. In order to pursue new opportunities, you would then be considered a(n) \_\_\_\_\_ .

- A habitual entrepreneur
- B social entrepreneur
- C public entrepreneur
- D serial entrepreneur

**QUESTION 20**

What is the one reason why franchising is so widespread?

- A The easiest way to start a business with no capital.
- B The franchisor can offer a standard, well-known product.
- C The franchisee can operate their business with complete freedom.
- D The legal framework for purchasing a franchise is simple.

**QUESTION 21**

People like Richard Maponya, Herman Mashaba and Raymond Ackerman, who are individuals influencing an entrepreneur's career choice and style, are known as which of the following?

- A Moral support network
- B Professional support network
- C Support system
- D Role model

**QUESTION 22**

Steve Jobs' return to Apple was marked by the development and introduction of the iPod, iPad and iPhone. In the context of understanding corporate entrepreneurship, this would be considered \_\_\_\_\_.

- A new venture creation
- B strategic renewal
- C intrapreneurship
- D product development

**QUESTION 23**

Corporate entrepreneurship would manifest as \_\_\_\_\_ innovation.

- A radical
- B strategic renewal
- C intrapreneurial
- D entrepreneurial

**QUESTION 24**

A person working at FNB was responsible for the development of a product called the e-wallet. The purpose of the product was to make transfers easier and accessible for FNB clients. This would be classified as \_\_\_\_\_.

- A entrepreneurship
- B intrapreneurship
- C venture creation
- D strategic renewal

**QUESTION 25**

Technology drives global economies and organisations that depend on new technology in order to continuously improve their \_\_\_\_\_ and \_\_\_\_\_.

- A marketing and logistics
- B products and services
- C operations and logistics
- D service and processes



**QUESTION 26**

An employee of Corporation XYZ has been asked to carry out an assignment that she believes is wrong. This situation can be classified as \_\_\_\_\_ .

- A ethically sound
- B socially responsible
- C a dilemma
- D an ethical issue

**QUESTION 27**

What is business ethics?

- A Personal virtues that can be attributed to the actions and people like entrepreneurs and managers.
- B Ethics that can be applied to an organisation's practices.
- C Ethical processes that organisations use to achieve a good ethical standard.
- D Can be described as moral principles that are applied in the commercial world.

**QUESTION 28**

\_\_\_\_\_ is/are the collective understanding of a social group in terms of what is morally right and good. They are attitudes towards things like truth, justice, honesty and loyalty.

- A Norms
- B Ethics
- C Values
- D Culture

**QUESTION 29**

\_\_\_\_\_ is/are generally standards of behaviour maintained by a society and can be defined as social rules that govern people's actions towards one another.

- A Norms
- B Values
- C Ethics
- D Culture

**QUESTION 30**

A(n) \_\_\_\_\_ is a set of principles that people and doctors hold themselves to and/or that are held by organisations or groups.

- A Code of Conduct
- B Code of Honour
- C Ethical Perspective
- D Persuasive Tactic

**QUESTION 31**

Which one of the following would NOT be regarded as a state-owned enterprise in South Africa?

- A Denel – Defence
- B Eskom – Energy
- C Safcol – Forestry
- D Reserve Bank – Treasury

**QUESTION 32**

A company or organisation that is listed on the JSE can \_\_\_\_\_ .

- A have unlimited access to investors
- B have limited access to investors
- C only sell shares to SA investors
- D only trade shares of a private company

**QUESTION 33**

Which of the following has played a major role in organising production across countries?

- A Multinationals
- B Domestic companies
- C Information technology
- D Consumers

**QUESTION 34**

Rapid integration or inter-connection between countries is better known as \_\_\_\_\_.

- A privatisation
- B globalisation
- C liberalisation
- D socialisation

**QUESTION 35**

The critical concerns still impacting South Africa's position as a competitive country are \_\_\_\_\_.

- A rigid labour practices
- B current safety situation
- C health status and primary education
- D all of the above

**QUESTION 36**

When two organisations decide to collaborate, and come up with an agreement, e.g. South African Express Airways is able to provide services to South African Airways and South African Airlink, this example would be considered a(n) \_\_\_\_\_.

- A joint venture
- B closed corporation
- C multi-national organisation
- D transportation and tourism

**QUESTION 37**

South Africa's involvement in BRICS (Brazil, Russia, India, China and SA) would be as a result of South Africa being considered a/an \_\_\_\_\_.

- A developed country
- B over developed country
- C developing country
- D emerging country

**QUESTION 38**

North America, Canada and Mexico belong to which of the following country classifications?

- A AU
- B NACA
- C EU
- D APEC

**QUESTION 39**

Which one of the following terms is NOT referred to in the definition of strategic management?

- A Resources
- B Goals
- C Competitive advantage
- D Comparative advantage

**QUESTION 40**

Countries that are regarded as industrialised, with above average levels of efficiency, and the population enjoys a higher standard of living, can be referred to as a \_\_\_\_\_ .

- A sovereign country
- B developing country
- C developed country
- D emerging country

**QUESTION 41**

A call-centre environment, where staff man a phone for 8 hours a day, are well trained and rewarded if they exceed performance standards, would be representative of the scientific method advocated by \_\_\_\_\_ .

- A FW Taylor
- B Frank and Lillian Gilbreth
- C Max Weber
- D Henry Fayol

**QUESTION 42**

The observation of people at work that would reveal the one best way to do a task is known as \_\_\_\_\_.

- A scientific management
- B classical management
- C human relations management
- D creative management

**QUESTION 43**

What is Frank Gilbreth's work most noted for in management theory?

- A Working conditions
- B Time and motion studies
- C Work psychology
- D Work as social setting

**QUESTION 44**

One could say that Fayol was interested in studying \_\_\_\_\_ management issues, whereas Taylor was interested in studying \_\_\_\_\_ management issues.

- A micro; macro
- B macro; micro
- C micro; micro
- D macro; macro

**QUESTION 45**

Which of the following is not one of Fayol's principles of management?

- A Division of work
- B Unity of command
- C Discipline
- D Equality

**QUESTION 46**

When a manager at an assembly plant's responsibility is to ensure that the processes and procedures take place in a systematic way, ensuring that the organisation reach its objectives, it would be referring to the scientific method proposed by \_\_\_\_\_ .

- A Max Weber
- B Henry Fayol
- C FW Taylor
- D Frank and Lillian Gilbreth

**QUESTION 47**

The most prominent management tasks as we know today were as a result of research initially conducted by \_\_\_\_\_ .

- A Max Weber
- B Henry Fayol
- C FW Taylor
- D Frank and Lillian Gilbreth

**QUESTION 48**

Mark Weber studied organisational structures and made a distinction between power and authority. This approach is based on a formal organisational structure with a set of rules and regulations that rely on the specialisation of labour, authority and hierarchy, and rigid promotion and selection criteria. This approach is referred to as \_\_\_\_\_ .

- A bureaucratic management/bureaucracy
- B autocracy/autocratic management
- C meritocracy
- D policies

**QUESTION 49**

The analysis of a manager as a social systems approach was proposed by \_\_\_\_\_.

- A Chester Barnard
- B Elton Mayo
- C Robert Owen
- D Mary Parker Follet

**QUESTION 50**

According to the study of management, which one of the early advocates of organisational behaviour was concerned about unacceptable working conditions?

- A Robert Owens
- B Hugo Munsterberg
- C Mary Parker Follett
- D Chester Barnard

**QUESTION 51**

Which one of the following will NOT be considered a management secondary task?

- A Motivation
- B Diversity
- C Communication
- D Decision making

**QUESTION 52**

Developing an organisation's strategy forms part of the \_\_\_\_\_ management task.

- A leading
- B coordinating
- C planning
- D control

**QUESTION 53**

The most significant set of primary management skills required by managers, are \_\_\_\_\_.

- A technical; human; conceptual
- B technical; behavioural; conceptual
- C systems; human; conceptual
- D technical; human; cognitive

**QUESTION 54**

Which of the following is true concerning technical managerial skills?

- A Human skills and technical skills remain equally important as managers move to higher management levels.
- B Technical skills remain necessary, whereas human skills decrease as managers move to higher levels.
- C Human skills remain necessary and technical skills decrease as managers move to higher levels.
- D Both human skills and technical skills decrease as managers move to higher levels.

**QUESTION 55**

Technical skills include \_\_\_\_\_.

- A knowledge of and efficiency in a certain specialised field
- B knowledge of and proficiency in a certain specialised field
- C knowledge of and interest in a general field of endeavour
- D skill in and proficiency in a certain specialised field

**QUESTION 56**

When a manager demonstrates the ability to understand, alter, lead and control the attitudes of people or groups, he/she is showing \_\_\_\_\_ skills.

- A conceptual
- B human
- C technical
- D management

**QUESTION 57**

The manager that has the ability to understand abstract ideas in order to make decisions, choosing the best alternative, would be demonstrating \_\_\_\_\_ skills.

- A technical
- B human
- C conceptual
- D professional



**QUESTION 58**

A store supervisor at the Shoprite Group, who is a lower-level manager in the organisational hierarchy, will predominantly require \_\_\_\_\_ management skills.

- A human
- B conceptual
- C technical
- D interpersonal

**QUESTION 59**

Mintzberg's management roles of figurehead, leader, and liaison officer, are categorised as the \_\_\_\_\_ roles.

- A interpersonal
- B informational
- C decisional
- D conceptual

**QUESTION 60**

\_\_\_\_\_ developed a categorisation scheme for defining what managers do, consisting of 10 different but highly interrelated roles.

- A Henri Fayol
- B Henry Ford
- C Henry Mintzberg
- D Henry Morris

**SECTION B****[20 MARKS]****QUESTION 1****[5 MARKS]**

Define the term business management as a concept.

**QUESTION 2****[5 MARKS]**

Define the term entrepreneur.

**QUESTION 3****[10 MARKS]**

Illustrate the life cycle and the stages of an entrepreneurial business.

**SECTION C****[20 MARKS]****Pick n Pay**

In his own words, “10 per cent capital and 90 per cent guts” is what it took for Raymond Ackerman to start Pick and Pay in 1967.

He was at low ebb in his career, having just lost his job at Checkers, and had returned to Cape Town from his Johannesburg base.

Once back in the Mother City, he started negotiations for four small shops – called Pick n Pay – owned by businessman Jack Goldin. Lack of funds did not faze Ackerman, although he only managed to raise R100 000 of the estimated R620 000 purchase price.

On the advice of his brother-in-law and a long-time friend, backing was sought by canvassing 25 colleagues in Johannesburg and another 25 in Cape Town. The deal was signed after an historic all-night bargaining session, which saw Ackerman acquiring the business for R620 000 – R35 000 more than his brother-in-law thought wise.

Ackerman might have found it difficult to believe that some 43 years later the chain of four small stores with a staff complement of around 250 people would become a retailing giant.

In its first trading year, Pick n Pay achieved a profit of R310 000 on a turnover of R5 million. Turnover subsequently climbed to R10 million, and doubled the following year.

Shortly afterwards, Checkers and OK Bazaars took on Pick n Pay and started a price war in the Cape. At the height of the battle, Ackerman received a letter from a Port Elizabeth businessman offering to sell him his small supermarket.

Heeding the advice of a friend who'd told him to treat the Checkers/OK attack as if it were a military campaign, Ackerman immediately left for Port Elizabeth where he bought the shop the same day. Two months later, a fully renovated Pick n Pay branded store opened its doors for business.

Says Ackerman: "It saved us because it meant that both chains had to fight in Cape Town and Port Elizabeth. Their ultimate withdrawal was a real highlight."

And so the scene was set for Pick n Pay to change the face of South African food retailing. Trading was tough back then, with the industry characterised by ruthless cartels. But challenge is what Ackerman thrived on. Not surprising, given his favourite saying is, "winning isn't everything – it's the only thing"!

Determined to fight for the consumers' right to a fair deal, Ackerman started cutting prices on basic items. Said Ackerman: "We established ourselves in the Cape by cutting the price of cigarettes and chickens. We wanted to offer consumers basic commodities at low prices, but everyone said the government wouldn't let us – especially when it came to cigarettes". Ackerman put the Company's entire capital into buying forward on cigarettes and then stayed awake for two nights guarding the warehouse in which they were stored.

"I had to", he explains. "The insurance companies refused to cover me." Insurance cover for the warehouse stock was eventually obtained by persuading Lloyds of London that his warehouse stock was at least as valuable as certain "personal assets" owned by Marilyn Monroe and Betty Grable – both of whom had been insured by Lloyds.

In 1969, only two years after the Company was founded, a leading financial publication pronounced Pick n Pay "the star of the Cape supermarket scene", and when the Company was listed as one of the "Sunday Times Top 100" companies, it became clear that Pick n Pay had truly come of age.

In 1973 Raymond Ackerman announced Pick n Pay greatest ever diversification – the Company's entry into the field of Hypermarkets.

The first Hypermarket opened in 1975 in Boksburg, bringing the concept of "one-stop-shopping" to the South African consumer for the first time.

The opening beat all previous Pick n Pay trading records with an estimated R350 000 being taken in the first two days alone. Today there are 20 Hypermarkets nationwide.

The year 1984 was particularly significant for the Company, as it was marked by the acquisition of a 50% interest in Boardmans, a chain of Cape-based homeware stores. The chain was to become wholly owned by Pick n Pay two years later.

Later that year, the Company's contribution to community won international recognition when the Marketing Institute of America honoured Pick n Pay with a social responsibility award.

In the same year, Hugh Herman was appointed as joint Managing Director, along with Raymond Ackerman.

Despite political turmoil and economic downturn, Pick n Pay continued to forge ahead. In 1983 turnover for the year exceeded R1 billion for the first time, and three years later the enormous expansion of the Company was highlighted when turnover for 1986 doubled to R2 billion.

However, it was not all smooth sailing, as Pick n Pay was forced to abandon its expansion into Australia due to union opposition. Pick n Pay was on the verge of building a second Hypermarket in Melbourne when the plumbers union rallied to bar them from the site. The Company eventually turned its back on one of its prime businesses, the superb Brisbane store. Ironically, the store is still called Pick n Pay, and was subsequently sold to the original partner.

That year also saw the opening of the Group's 100th store at Highgate. This coincided with a vigorous programme of new store openings throughout the country. The stage was set for the Company's entry into the '90s – a decade that was marked by significant political and social change, mirrored by equally important changes within the company.

### **The Good Corporate Citizen**

Pick n Pay was one of the first companies in South Africa to make a strong commitment to Corporate Social Responsibility. This is one of the pillars on which the company philosophy is founded.

Being a "Good Corporate Citizen" defines our conduct as an organisation. The King Report 2002 defines Corporate Social Responsibility as "Business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment proved by a comprehensive set of policies, practices and programmes that are integrated throughout business operations and decision-making processes that are supported and rewarded by top management".

Corporate Social Investment relates to financial and non-financial investment in socially responsible initiatives. "Investment" implies that through using company assets a return would be expected. These returns may not necessarily be financial, but need to relate back to the mission and objectives of the Foundation to reflect their success.

**<http://www.picknpay.co.za/how-it-all-began>**

### **QUESTION 1**

**[3 MARKS]**

Discuss the three targeted areas for action that Pick n Pay should consider when dealing with Social Responsibility.

**QUESTION 2**

**[2 MARKS]**

Identify the sector that Pick n Pay falls under and find evidence from the case study to support your answer.

**QUESTION 3**

**[10 MARKS]**

Describe the management functions of Pick n Pay.

**QUESTION 4**

**[5 MARKS]**

Discuss the five key role players of Pick n Pay.

**END OF ASSESSMENT**