



COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF BUSINESS MANAGEMENT
SUMMATIVE ASSESSMENT

MODULE:	COMMERCE
CODE:	COM 100
DATE:	5 November 2020
TIME ALLOWED:	Opens 5 November 17:00
TOTAL MARKS:	100

EXAMINER(S):	Mrs S Hughes
MODERATOR:	Ms C van Tonder
NUMBER OF PAGES:	6 pages

INSTRUCTIONS:

- This is an open-book assessment. However plagiarism and collusion will not be permitted.
- Please answer all the questions and number your answers clearly, answering only what is asked!
- Structure your answers by using appropriate headings and subheadings.
- All questions should be answered using your own words and own examples. Do not simply copy from the textbook or other sources.
- You may use your module notes, but may not ask any other person for assistance either personally, through social media or any other form of communication.
- Please type your answers in a word document and upload to blackboard before the deadline. Please note that your submission will generate a safe-assign similarity (ie. plagiarism) report, avoid plagiarism and collusion (input/assistance from anyone else) as these will impact your marks negatively.
- You will have three opportunities to submit, if you note that your report indicates incorrect referencing or plagiarism, correct your submission by noting the Harvard referencing guidelines and resubmit timeously. Note that the system will keep a record of each of your submissions.

- If it is found that your work is similar to the textbook, other sources or any of your peers, Student Ethics and Judicial Services will be informed. This would lead to a disciplinary hearing which may include expulsion.
- You are required to sign and submit the cover sheet with the signed anti-plagiarism declaration along with your submission.
- By submitting your assessment, the general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

QUESTION 1**[9 MARKS]**

AB Inbev is a significant player in their industry and finding opportunities for additional growth and improvements in their performance is challenging and having the right employees that are motivated plays a key role.

- 1.1 Elaborate on Edwin Locke's goal setting theory as a potential motivational tool by elaborating on the essential elements of the theory (3 marks).
- 1.2 Identify FOUR specific ways (2 marks) that managers at AB Inbev can use goal setting to the organisations advantage by relating the theory to the case in a practical way (4 marks).

QUESTION 2**[8 MARKS]**

The task of forging a cohesive AB Inbev culture that is focused on performance is no mean feat for managers. Managers face a challenging but important task, if they want to achieve the positive results possible from teamwork, managers will have to build positive team norms and encourage cohesiveness amongst team members.

- 2.1 Highlight the meaning and importance of distributed leadership (2 marks).
- 2.2 Elaborate on TWO task activities (1 mark) and TWO maintenance activities (1 mark) that can be undertaken to manage team cohesiveness with reference to the case (4 marks).

QUESTION 3**[7 MARKS]**

The acquisition and resulting merge by AB Inbev of SABMiller is the result of a complex and high stakes negotiation where the role of effective communication cannot be overemphasised.

- 3.1 Discuss the THREE criteria of effective negotiation with reference to the case and the outcomes of the SAB Inbev merge (3 marks).
- 3.2 Discuss FOUR rules for gaining integrative agreements by explaining each rule with reference to the case (4 marks).

QUESTION 4**[6 MARKS]**

As a commercial giant and company listed on multiple stock exchanges reporting AB Inbev's financial information is very important to various different stakeholders.

- 4.1 Identify THREE of the most common and important types of financial statements as well as briefly mentioning their purpose (3 marks).
- 4.2 Briefly discuss THREE insights into AB Inbev's current condition as a company based on insights from the financial statements listed in 4.1 (remember to clearly identify the financial statement that your insight is based on) (3 marks).

QUESTION 5**[10 MARKS]**

Use AB Inbev's financial statements to perform the following calculations for the company and provide an interpretation for your findings. Remember to show the steps of your calculations and round answers up to two decimal points. [The financial statements are in US Dollars, calculations should remain in the stated currency, NO conversion to Rands is necessary].

- 5.1 Calculate and interpret the current ratio for AB Inbev, year ending 31 December 2019 (3 marks).
- 5.2 Calculate and interpret the inventory turnover ratio for AB Inbev, year ending 31 December 2019 (4 marks).
- 5.3 Calculate and interpret the net profit margin ratio for AB Inbev, year ending 31 December 2019 (3 marks).

QUESTION 6**[5 MARKS]**

AB Inbev used their cash flow for the "Acquisition of property, plant and equipment and intangible assets" for the year ending 2019. The financial statements and expected cash flows are in dollars and should remain in the stated currency. The investment is expected to generate cash inflow of \$ 1800 million in the first year, then decreasing \$ 80 million every year over 5 years after which the investment will have a residual value of zero. The suggested cost of capital is 15%.

Discounting Factors:

Period:	Discount Rate:	Discount Rate:
	10%	15%
1	0.9091	0.8696
2	0.8264	0.7561
3	0.7513	0.6575
4	0.6830	0.5718
5	0.6209	0.4972

You are required to:

Calculate the NPV for the "Acquisition of property, plant and equipment and intangible assets", (Calculate to the nearest \$1.) and advise AB Inbev if the investment is a wise choice.

QUESTION 7**[6 MARKS]**

With each acquisition and merger AB Inbev becomes a larger and more complex company. A key goal for merged entities is to make sure they are incorporating the best practices and learnings from various divisions into how the company operates.

- 7.1 Advise managers at AB Inbev about THREE advantages of using internal recruitment to fill job vacancies in the company (3 marks)
- 7.2 In order to remain at the cutting edge of their industry it is important for AB Inbev to continue investing in the training and development of their employees. Elaborate on THREE examples of on the job training that could be used by AB Inbev to upskill their employees, with reference to the case (3 marks)

QUESTION 8**[6 MARKS]**

Between orders and deliveries from suppliers and sales to wholesalers and various customers (such as restaurants and Shebeens) AB InBev collects a great deal of data about both customers and sales in South Africa. The dilemma is how to use this information in a way that can help AB Inbev to become more competitive.

- 8.1 Elaborate on THREE characteristics of high quality information (3 marks).
- 8.2 Provide practical suggestions for how each of the characteristics listed in 8.1 can be ensured/improved at AB Inbev (3 marks).

QUESTION 9**[12 MARKS]**

AB Inbev brew, bottle and ship large quantities of a variety of brands, often specific to the regional tastes and preferences for beer. The nature of their products means operations managers will have to make certain decisions. Operations managers at AB Inbev have particular responsibilities that play a key role in contributing to the organisations success.

- 9.1 Identify THREE important responsibilities of Operations Managers at AB Inbev by briefly outlining what each entails (3 marks) and how they come to fruition at AB Inbev (3 marks).
- 9.2 Identify THREE primary value chain activities and highlight what these entail for operational managers at AB Inbev (3 marks) with reference to how each of these activities was influenced by the Covid-19 lockdown regulations in South Africa (3 marks).

QUESTION 10**[8 MARKS]**

AB Inbev has to take great care in identifying potential customers and addressing their wants, therefor the products the company manufactures can provide utility in different ways.

- 10.1 Explain how AB Inbev is providing form, time, place and ownership utility to their customers, you are welcome to select a specific brand to apply your answer to (4 marks).
- 10.2 Before purchasing a new company or launching a new brand AB Inbev will investigate what target market they will be able to reach with a new brand launched. Identify the FOUR characteristics of a well-chosen target market and relate each to AB Inbev (4 marks).

QUESTION 11**[7 MARKS]**

The case study highlights the importance of innovation to AB Inbev, and indeed how important managing their product portfolio is to their continued future success.

- 11.1 Discuss THREE types of innovation (3 marks) and highlight with examples which two are utilised at AB Inbev (2 marks).
- 11.2 All products that are manufactured and sold can be grouped into a certain consumer product category. Identify what consumer product category Castle Lager fits into (2 marks).

QUESTION 12**[16 MARKS]**

Marketing is very important for a company like AB Inbev in terms of building their brand as a company as well as the brands of the respective beer labels they produce. Introduce the 4P's (4 marks) of the marketing mix and relate them to AB Inbev's marketing decisions in detail, connecting relevant theory with application from the case (3 marks per P, make sure to link theory related to each P to application for each mark).

END OF EXAM