MNB1501 (481163) May/June 2016

BUSINESS MANAGEMENT IA

Duration 2 Hours 70 Marks

EXAMINERS
FIRST MS N DE METZ
SECOND MS N DA SILVA-ESCLANA

Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue.

This paper consists of 21 pages including 4 sheets of rough work paper (pages 17-21) plus instructions for the completion of one mark reading sheet.

This examination paper remains the property of the University of South Africa and may not be removed from the examination room.

Please complete the attendance register on the back page, tear off and hand to the invigilator.

Each question counts one mark. Complete the mark reading sheet that is provided and also circle your answer on the examination paper.
THE BUSINESS WORLD AND BUSINESS MANAGEMENT

1 The fundamental **economic problem** society is confronted with involves

1 ensuring that it gets what it wants
2 choosing how it will use its scarce resources to the maximum effect in order to satisfy its needs
3 ensuring the lowest possible satisfaction of needs with these scarce resources
4 making as much profit as possible regardless of the needs of society

Read the case study below and answer questions 2 and 3.

South African Breweries (SAB) is the South African subsidiary of SABMiller. SAB is the second largest listed company on the Johannesburg Stock Exchange and one of South Africa's largest manufacturing firms.

2 The machinery used at SAB to produce beer is known as a/an __________________ resource

1 capital
2 human
3 entrepreneurship
4 natural

3 Part of SAB's focus on sustainable development is to brew more beer with less water. Which one of the following statements regarding this **natural resource (water)** is correct?

1 The supply of this resource can easily be increased
2 Human effort is required to transform the resource into a need-satisfying product
3 The availability of the resource is determined by the proportion of women in the labour force and the retirement age
4 It takes a number of years to build up stock of this resource

4 The _____________ function concerns all those activities that mobilise the resources (such as raw materials, capital and human resources) of a business organisation to create the finished products and services that can be distributed to meet the needs of its customers.

1 operations
2 purchasing and supply
3 marketing
4 financial
5 Which of the following two economic systems involve freedom of choice?

1. Socialism and command economy
2. Market economy and command economy
3. Market economy and socialism
4. Communism and market economy

6 Which one of the following statements about a free-market economy is correct?

1. In a free market economy the state controls the most important industries and resources
2. The state plays no role in a free-market economy
3. Profit and reward according to individual ability represents the main driving force in a free-market economy
4. In a free-market economy workers have a limited right to strike

7 Emily recently purchased a new Ford Figo motor vehicle. She had to ensure that her vehicle is adequately insured and decided to look at First for Women insurance. Insurance satisfies the ________ needs according to Maslow's hierarchy of needs.

1. self-realisation
2. esteem
3. physiological
4. security

ENTREPRENEURSHIP

Read the case study below and answer questions 8 and 9

In January 2005 MXit was launched as a subscription service, which Heunis (its founder) knew would not work, but decided to try anyway. By the end of April 2005 MXit had only 40 subscribers. At the end of May 2005 it was relaunched as a free service and the user numbers started skyrocketing. MXit was the first to have hyperlinks within text, first to sell virtual goods and develop an economy via advertising. They also had to develop their own software.

8 Which step in the entrepreneurial process did Heunis have to do once he had conducted a feasibility study?

1. Compile a business plan
2. Launch strategy
3. Resource strategy
4. Implementation
From the above scenario it is evident that Herman Heunis is attracted to jobs that challenge his skills and problem-solving abilities. At the same time he is ambitious and competitive illustrating a repeated effort to accomplish something that is difficult. Which **entrepreneurial trait** is described here?

1. An internal locus of control
2. Innovation and creativity
3. Risk-taking
4. Achievement motivation

The ability to consider what the future might offer, how this impacts on the business, and what needs to be done now to prepare for it is called **_________ skills**

1. strategy
2. marketing
3. planning
4. project management

You own a **small and medium-sized enterprise (SME)** in your area. Which one of the following characteristics is true for your enterprise?

1. Your enterprise has fewer than 100 employees
2. Your capital assets are less than R10 million
3. Your annual turnover is less than R64 million
4. There is indirect managerial involvement by the owners

Andy, a would-be entrepreneur, has identified an opportunity to open a sports bar in his town. Andy should now conduct a **_________** in order to determine whether or not this opportunity can be turned into a successful business venture.

1. feasibility study
2. SWOT analysis
3. business analysis
4. forecasting proposal

Which one of the following statements is correct with regard to **corporate entrepreneurship**?

1. The entrepreneur is afforded the opportunity to start a business that has been proven in the marketplace
2. This happens when a person or team develops a new corporate business within a business through identifying a new business idea
3. This form of business comes with an already established customer base, experienced employees, and the immediate availability of equipment and inventory
4. Individuals involved do not have the freedom to experiment, operate and market their businesses based on their own vision of how things should be done
The ____________ plan shows who will be the business's customers and what type of competition the business will face.

1. marketing
2. management
3. operating
4. financial

Read the case study below and answer questions 15 to 17.

Edgars Stores Limited was listed on the JSE in 1946, just after the end of the Second World War. The directors were then Sydney Press, Hubert Press, Elr Roos and Alan Leon. In 1999 the name changed to Edgars Consolidated Stores Limited, trading on the JSE as Edcon. In 2007 Bain Capital bought the Edcon group for R25 billion and de-listed it.

Edgars is part of Edcon's (Edgars Consolidated Stores Ltd) Departmental Store Division. The "Ltd" in the name signifies that Edcon is a company. The "Ltd" also signifies that

1. shares are freely transferable
2. share transfers are subject to approval of the board
3. Edcon has one director only
4. Edcon was registered with a founding statement

Edgars Consolidated Stores Ltd must have at least __________ directors.

1. one
2. two
3. three
4. four

When Edcon was initially registered, which of the following documentation had to be submitted?

a. Memorandum of Incorporation
b. Notice of Incorporation
c. Memorandum of Agreement
d. Notice of Listing

1. a b c
2. a d
3. a b
4. a b c d
18 The bank informs Lizzy that unless she has a stable equity base of her own, it cannot grant her the loan she requires to start Book&Beyond. To which one of the **four Cs** is referred here?

1. Capital  
2. Collateral  
3. Character  
4. Conditions

19 Besides Lizzy, who is an experienced writer, the management team of Book&Beyond would include Zurr, an editor of a large newspaper, and Jacobus, a typesetter. In which section of the **business plan** will the team be discussed?

1. The executive summary  
2. General company overview  
3. Marketing plan  
4. Management plan

20 Which one of the following is an **advantage** of a company?

1. A company has minimal legal formalities and regulations  
2. Management of a company is relatively simple  
3. Members of a company have limited liability  
4. It is easy to discontinue a company

**THE BUSINESS ENVIRONMENT**

Read the case study below and answer question 21.

Since its inception, the commercial airline business with its full-service model has struggled to survive and grow in the dynamic business environment in which it operates. Some of the biggest problems have been changing aircraft technology, a rapid increase in capital outlay to obtain top-of-the-range aircraft and the changing priorities of governments all of which have repeatedly forced commercial airlines to adapt to a dynamic business environment where politics play an important role.

21 The changing aircraft technology is a variable in the **_________** environment

1. macro  
2. micro  
3. task  
4. market

[TURN OVER]  
UNISA
22 Governmental and political involvement are components of the _______ environment which is part of the ________ environment

1 economic/macro
2 institutional/macro
3 international/market
4 social/market

23 Which one of the following is part of the task environment of a small fuel company in South Africa?

1 The development of a new synthetic fuel by Sasol
2 The allocation of state funds for multinational corporations
3 The company’s decision to reduce its inventory levels
4 The privatisation of Iscor which manufactures steel products

24 In the second half of 2008, South Africa’s economy began to slow down due to decreased demand and commodity prices. The decreased demand and commodity prices are variables in the ________ environment

1 micro-
2 market-
3 macro-
4 target

25 Europcar has established itself as one of South Africa’s leading global car rental companies. Within the consumer market Europcar rental is an example of a ________

1 semi-durable product
2 service
3 durable product
4 core product

26 You own a medium-sized business and you decide to conduct environment scanning by updating relevant secondary or published information which you obtain from the organisation’s own database. Which form of elementary scanning are you involved in?

1 Scanning at the most advanced level
2 Scanning at intermediate level
3 Scanning at an external level
4 Scanning in the most elementary form
27 Eskom particularly struggles to combine its resources, people and processes in specific ways to ensure that the country-wide power supply does not collapse. Of which one of the following resources of Eskom is this an example?

1. Tangible resources
2. Organisational capabilities
3. Human resources
4. Intangible resources

CORPORATE SOCIAL RESPONSIBILITY

28 The ____________ is at the heart of good corporate social responsibility and guides stakeholders to determine what they want from the company and what they consider to be the issues and culture of the company.

1. triple bottom line
2. stakeholder engagement process
3. global reporting initiative
4. King III report

Read through the case study below and answer questions 29 and 30.

South African Breweries’ (SAB) ethical conduct is based on the King III report. The King III report expounds the primary principles of good corporate governance. The company has long played a role as one of South Africa’s most socially progressive and innovative enterprises.

29 If SAB’s corporate social responsibility policy is aligned to the company’s policy, vision and mission, it is using ______________

1. a values-based system
2. a stakeholder-engagement process
3. a combination of options 1 and 2
4. None of the above

30 Which one of the following would NOT form part of SAB’s triple bottom line?

1. Profitability
2. Environmental awareness
3. Social justice
4. Organisational culture

[TURN OVER]

UNISA
During the _________ step of the stakeholder engagement process, the engagement plan is co-developed. How, when and whether engagement is possible is also determined during this step.

1 preparation
2 planning
3 design
4 engagement

Which level of engagement will involve approaches such as focus groups and surveys?

1 Monitor
2 Inform
3 Transact
4 Consult

Which one of the following statements is NOT true regarding corporate governance?

1 Corporate governance is essentially about good leadership
2 Corporate governance is the system by which companies are managed and controlled
3 It refers to the relationship between those who are governed and those who govern
4 It refers to a company's contribution to society through its core business activities

INTRODUCTION TO GENERAL MANAGEMENT

Management is defined as _____________

1 the ability to lead the company profitably
2 the process followed by managers to accomplish a business's goals and objectives
3 a dispensable component of the successful functioning of a business
4 the process of influencing employees to work willingly towards the achievement of organisational objectives

Jimmy has just completed his degree in Business Management at Unisa and has opened a new photography shop that sells cameras and equipment, develops photos and gives classes on the art of photography. When Jimmy deals with clients, he requires ____________ skills and when he is busy developing photos he requires ____________ skills.

1 interpersonal, technical
2 conceptual, informational
3 interpersonal, conceptual
4 informational, technical
36 The cell phone towers and base stations Vodacom uses is a/n ________ resource.

1 human
2 financial
3 physical
4 information

Read through the case study below and answer questions 37 and 38.

Jurgen Schreiber, a German national, who has 20 years' international experience in the retail industry is Edcon's CEO. Edcon has also invested millions in social responsibility projects such as the SOS children's villages, the Jet Community awards, the Readathon and also supports the Breast Cancer awareness campaigns.

37 As CEO of Edcon Jurgen Schreiber needs to fulfil an interpersonal role. This role constitutes which of the following activities?

1 Entrepreneur, leader and spokesman
2 Representative, figure, leader and maintaining good relations
3 Monitors, leader and representative figure
4 Entrepreneur, trouble-shooter and negotiator

38 When Jurgen Schreiber attends functions such as the Jet Community awards, he needs to act as the _______________ of the company which is linked to the ______________ role of managers.

1 spokesman, decision-making
2 leader, information
3 entrepreneur, decision-making
4 representative figure, interpersonal

39 Tumelo is a line manager at Transnet and is responsible to train and motivate newly appointed employees to achieve their goals. This is an example of Tumelo's _________ role as a manager.

1 monitoring
2 leading
3 representative
4 negotiating

40 It is also expected of Tumelo to attend company dinners and meet with visitors. This is an example of Tumelo's _________ role as a manager.

1 monitoring
2 leading
3 representative
4 negotiating
The _________ approach to management views the organisation as a group of interrelated parts with a single purpose, where the actions of one part influence the other parts.

1. contingency
2. scientific
3. quantitative
4. systems

---

PLANNING

Read the case study below and answer questions 42 and 43.

South African Breweries (SAB) was established in 1895 as Castle Breweries and has a long and colourful history. In 2006, SABMiller introduced a new apple ale, Santa, and also expanded its range of Brutal Fruit variants. Other innovations included a new BonAqua water range, a lifestyle range, sparkling water and bottles featuring sports nozzles.

42. Which one of the following is not a variable that sets the parameters SAB needs to take into consideration for organisational planning?

1. SAB's purpose
2. The environment
3. The values of managers
4. SAB's location

43. If SAB should purchase a barley farm in the Free State, it would follow a _________ corporate strategy.

1. market development
2. joint-venture
3. turnaround
4. vertical integration

44. Kulula.com has taken the decision to expand its product offering to include low-cost vehicle hire. The company plans to roll out this new product offering within the next five years. This is an example of an _________ goal.

1. operational
2. strategic
3. functional
4. tactical
45  A/n _____ strategy is used when an organisation chooses to take over other firms and so enter into new activities.

1. joint-venture  
2. diversification  
3. innovation  
4. concentration-growth

46  There are various techniques that can be used to set goals. One of the most popular techniques is management-by-objectives (MBO). Which one of the following will occur first during the MBO process?

1. The establishment of mutually agreed checkpoints  
2. The formulation of job descriptions  
3. The measurement of performance standards  
4. The correction of deviations

47  The sequential steps in the planning process are:

1. developing plans, goal-setting, feedback  
2. goal-setting, mission statement, implementation  
3. mission statement, developing plans, feedback  
4. goal-setting, developing plans, implementation

48  A manager's span of management is determined by: ______

1. the number of subordinates who report directly to him  
2. the number of subordinates at lower levels  
3. the number of subordinates on the same level  
4. the size of the enterprise

Read the scenario below and answer questions 49 and 50.

A basic matrix-like structure was put in place at Nike, which combines functional and product departmentalization. Nike's current organisational structure still resembles the matrix structure in which multiple responsibilities and reporting lines for each unit are evident.

49  One of the major disadvantages of using such a structure is divided authority, as often two managers will have authority over the same subordinates. According to this scenario, Nike is encountering issues with its ______

1. unity of command  
2. chain of command  
3. span of control  
4. scalar principle

[TURN OVER]
50 Nike’s Vice-President of Operations, Mr Alebeek, would have _________ authority over his operations team

1. staff
2. line
3. informal
4. decentralised

51 Which one of the following statements about the factors that influence organisational structure is correct?

1. Organisations in stable environments are more differentiated in structure
2. Strategy follows structure
3. Technologically complex firms tend to have more levels of management
4. When detailed procedures are in place, less bureaucratic management is needed

52 Zandle forms part of the production team at Pnrsm Antennas. On Mondays and Tuesdays she works on the motherboard assembly, on Wednesdays and Thursdays she does quality control, and on Fridays she is responsible for final assembly. This is an example of job _________

1. design
2. enrichment
3. rotation
4. enlargement

53 Increasing the number of tasks Zandle performs and the control she has over the job is known as job _________

1. design
2. enrichment
3. rotation
4. enlargement

54 A company with a flat organisational structure has ________ management levels and _________ subordinates per manager

1. few, many
2. few, few
3. many, few
4. many, many

55 Which one of the following statements concerning organisational culture is correct?

1. Organisational culture is seen as the attitude of the business
2. Organisational culture comprises basic values only reflected in organisational behavioural patterns
3. Business architecture also reflects organisational culture
4. Culture will have no influence on organisational strategy
56 Social loafing refers to ________________

1. the tendency of individuals to put in less effort when working in a group
2. a particular campaign that employees might embark on
3. the way that a group will stand together as a unit
4. employees from the same department who meet regularly to discuss ways of improving the quality of the work environment

Read the scenario below and answer questions 57 and 58.

"You can't be a good leader if you don't genuinely like people", which is how Sir Richard Branson defines a good leadership and management style.

57 According to him, a good leader is self-confident and articulates the vision of the organisation. This is an example of Richard Branson's __________ leadership.

1. charismatic
2. visionary
3. transactional
4. transformational

58 Branson notes that motivation and employee recognition go hand in hand. The motivation process starts with __________ and follows a particular sequence.

1. the employee
2. an unsatisfied need
3. performance
4. the employer

59 Melinda is one of the editors at News, a local newspaper. She is responsible for giving out assignments, and journalists tend to carry out her instructions meticulously in the hope of receiving the best news stories to cover. What type of power does Melinda have?

1. Reward power
2. Legitimate power
3. Referent power
4. Expert power

60 Group norms can be described as the __________

1. way a group stands together as a unit rather than as individuals
2. diversity of the group members
3. standards shared by members of a group
4. tendency of individuals to put in less effort when working in a group
61 To which one of the following dimensions of trust do a manager's reliability, predictability and good judgement in handling situations refer?

1. Openness
2. Competence
3. Integrity
4. Consistency

62 When an employee is appointed to a certain managerial post, he/she will have been given __________ power. This is a form of __________ power.

1. expert, personal
2. legitimate, positional
3. coercive, positional
4. referent, personal

63 Toyota is considered to be the pioneers of inventory management in the motor vehicle industry and its competitors are working hard to implement similar philosophies. Which one of the following control systems would NOT be used by Toyota to control their inventory?

1. Economic-ordering quantity (EOQ)
2. Materials-requirements planning (MRP)
3. Just-in-time system (JIT)
4. Cyclical-order system

64 From 2010 to 2014 Toyota was affected by various vehicle recalls. These recalls most likely occurred due to a lack of control in which key area?

1. Physical resources
2. Financial resources
3. Information resources
4. Human resources

65 The characteristics of an effective control system are ________________

1. complexity and flexibility
2. integration and flexibility
3. creativity and integration
4. creativity and complexity
66 Mum&Co manufacturers a large range of baby bottles. During their recent quality control inspection, it was discovered that some bottles could not handle warm milk and that they would crack. Which one of the following would Mum&Co have done during the third step of the control process?

1. Set standards
2. Measure performance
3. Evaluate deviations
4. Rectify deviations

67 If Mum&Co decides to make use of the control by exception principle during step 2 of the control process, what would this entail?

1. Only important disparities between real and planned achievements are reported to top management
2. All disparities between real and planned achievements are reported to top management
3. Reports are only given to top management after the process has been completed
4. Top management are only involved in the control process in exceptional situations, such as worldwide recalls

68 The most important advantage of a budget is that

1. it ensures that staff get paid
2. it ensures that employees are motivated to do their work
3. it facilitates effective control by placing a money value on operations
4. a budget is always flexible

69 Which one of the following statements about Total Quality Management (TQM) is true?

1. TQM emphasises how managers can continuously improve an organisation’s work systems
2. TQM means that quality is the responsibility of a specific department in the organisation
3. TQM ensures that the correct funds are allocated per department
4. TQM promotes individual performance in the organisation

70 Which one of the following inventory control systems would be the best to use if stock must be kept for indefinite periods?

1. The just-in-time (JIT) system
2. The materials-requirements planning (MRP) system
3. The economic-ordering quantity (EOQ) system
4. The first-in-first-out (FIFO) system

©
Unisa 2016
ROUGH WORK
ROUGH WORK
ROUGH WORK
ROUGH WORK
ROUGH WORK