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Unique number of paper
Unieke nommer van vraestel

457256

MNG201-6 (457256)

October/November 2002

BUSINESS MANAGEMENT (GENERAL) 201

Duration : 2 Hours

70 Marks

EXAMINERS :

FIRST :

SECOND :

PROF T BREVIS

MS MJ VRBA

THE USE OF A POCKET CALCULATOR IS NOT PERMISSIBLE.

This paper consists of 20 pages plus instructions for the completion of a mark-reading sheet.

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

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INSTRUCTIONS:

This paper consists of 70 multiple-choice questions. Answer all the questions on the mark-reading sheet. The questions are worth one mark each. Questions are not marked negatively.

Please check that you have filled in the following information on your mark-reading sheet:

- your student number
- the module code (MNG201-6)
- the unique number of the paper (457256)

Questions 5 to 6

Match the researcher in column A with an appropriate statement describing his approach to management in column B.

COLUMN A		COLUMN B	
5	FW Taylor	1	employees are more motivated by social than economic needs
6	M Weber <i>H</i>	2	attempt to find guidelines for managing complex organisations
		3	focus on increasing the productivity of workers
		4	stress the need for strictly defined hierarchy and lines of authority

7 Which one of the following is a characteristic of the management environment?

- 1 the independence of environmental factors
- ~~2~~ increasing instability
- 3 environmental certainty
- 4 synergy

8 The motor industry development plan offers import duty rebates to vehicle manufacturing companies which also export. This is a factor in the _____ environment that should be considered by organisations in the industry.

- ~~1~~ market
- 2 international x
- 3 macro-
- 4 economic x

9 Which one of the following examples describes the influence that the market environment can exert on the microenvironment?

- 1 an influx of imported luxury goods as a result of a weak dollar
- 2 an increase in personal income tax
- ~~3~~ an increase in the disposable income of the consumer
- 4 new labour laws curbing the power of trade unions

[TURN OVER]

10 The statement that 'the whole is greater than the sum of the parts' refers to _____

- 1 productivity
- 2 entropy
- 3 the environment
- 4 synergy

11 Which one of the following group decision-making techniques involves using a series of confidential questionnaires to refine a solution to a problem?

- 1 the nominal group technique
- 2 Delphi technique
- 3 group decision support systems
- 4 electronic brainstorming

12 The monthly business confidence index is compiled by asking respondents the following question: 'Do you have confidence in the current business situation in South Africa?' The percentage of respondents answering 'Yes' to this question in a specific month, constitutes the index for that month.

This is an example of _____.

- 1 objective probability
- 2 subjective probability
- 3 uncertainty
- 4 certainty

13 After the September 11 terrorist attacks in New York managers in organisations were uncertain of how world markets would react.

Which of the following decision making tools could managers have made use of in the months following the attacks?

- a linear programming
- b queuing theory
- c decision trees
- d simulation

- 1 ab
- 2 cd
- 3 bc
- 4 ad

[TURN OVER]

14 An investment manager needs a **computer program** that analyses alternative investments for her client's funds. She needs _____.

- 1 system software
- 2 application software
- 3 output devices
- 4 a central processing unit

15 A computer system that detects faults in telephone networks and recommends appropriate repair and maintenance work, is an example of a/an _____ system.

- 1 process control
- 2 executive information
- 3 expert
- 4 business function information

16 Managers at South African Breweries PLC are investigating the possible expansion of their Rosslyn plant. They would like to model the effect of expanding capacity by five percent, 10 percent and 15 percent.

Which one of the following aids would be the most applicable to this end?

- 1 a decision support system
- 2 an information reporting system
- 3 an office automation system
- 4 a process control system

17 Which of the following variables influence the nature of organisational goals?

- a focus
- b degree of flexibility
- c organisational structure
- d time frame

- 1 ab
- 2 cd
- 3 bc
- 4 ad

[TURN OVER]

- 18 The marketing department at Pick 'n Pay has set the goal of increasing expenditure on television advertising, while at the same time the finance department has set the goal of cutting expenditure on marketing.

This is an example of a lack of _____ in goal setting.

- 1 flexibility
- 2 attainability
- ~~3~~ congruency
- 4 measurability

- 19 Takalani Traders recently introduced a new goal-setting technique. The use of this technique has resulted in the improvement of employee motivation, improved communication and increased role clarity.

Based on these advantages what goal setting technique has been implemented?

- 1 strategic goal setting
- 2 total quality management (TQM) ✗
- ~~3~~ management by objectives (MBO)
- 4 decentralised goal setting ✗

- 20 South African Breweries PLC is planning to expand its interests in the Pilsner Urquell group in the Czech Republic. They have broken the project down into separate activities and events, determined an estimated time of completion for each activity and event, and determined the critical path.

What planning tool has South African Breweries PLC made use of?

- 1 budgeting
- 2 forecasting
- 3 Gantt Chart
- ~~A~~ PERT

- 21 The _____ identifies what businesses the organisation should be in.

- 1 vision
- ~~2~~ mission
- 3 corporate strategy
- 4 business strategy

- 22 The _____ determines how best to compete in a particular industry or market.

- 1 vision
- 2 mission
- ~~3~~ corporate strategy
- 4 business strategy

[TURN OVER]

23 An organisation's vision _____ .

- a determines the scope of its operations
- b helps keep decision making in context
- ~~c~~ promotes change
- d provides the basis for an operating plan

- 1 ab
- 2 ad
- ~~3~~ cd
- 4 bc

24 The importance attached to re-engineering and total quality management in contemporary management has resulted in two new components being addressed in the mission statements of organisations.

These components are _____ .

- 1 the customer and business processes
- ~~2~~ quality and efficiency
- 3 the customer and quality
- 4 learning and knowledge management

25 An analysis of an organisation's external environment through environmental forecasting takes place through the application of the following five steps:

- a develop an environmental profile
- b select sources of information
- c select critical environmental variables
- d monitor forecasts
- e evaluate forecasting techniques

Which of the following is the correct order in which environmental forecasting takes place?

- 1 ebcda
- 2 cbead
- 3 bcaed
- ~~4~~ cbaed

[TURN OVER]

- 26 Mr van der Merwe is a vegetable farmer from the Limpopo Province. He recently bought two greengrocers in Gauteng, which he used to supply fruit and vegetables to.

What strategy has Mr van der Merwe pursued?

- 1 horizontal integration
- ~~2~~ forward vertical integration
- 3 market development
- 4 backward vertical integration

- 27 Mr Rodriguez owns a greengrocer in Gauteng. He recently bought two farms in the Limpopo Province, which used to be his two main suppliers of fruit and vegetables.

What strategy has Mr Rodriguez pursued?

- 1 horizontal integration
- 2 forward vertical integration
- 3 market development
- ~~4~~ backward vertical integration

28. An analysis of an organisation's **internal environment** identifies _____.

- 1 strategically important threats and opportunities
- ~~2~~ strategically important strengths and weaknesses
- 3 competitive strategies and possibilities
- 4 critical environmental variables

- 29 Operational plans can be sub-divided into single-use plans and standing plans.

*A example of a **standing operational plan** is a _____.*

- 1 project
- 2 budget ×
- ~~3~~ programme
- 4 policy ×

[TURN OVER]

30. Georges Café is going through a very difficult time and prospects for the future do not look promising. George decides to maximise cash flow in the short term, regardless of the long-term effect of this decision.

The decline strategy that George is following is _____.

- 1 harvesting
- 2 liquidation
- 3 divestiture
- 4 turnabout

31. Over the past five years Oracle has been experiencing a rapid growth in sales. These sales, however, have come at a high cost and investors regularly increase capital to ensure that Oracle's sales continue to grow.

Oracle can be classified as a _____ on the Boston Consulting Group growth/share matrix.

- 1 star
- 2 dog
- 3 question mark
- 4 cash cow

32. Communication that has the goal of providing subordinates with information on organisational goals, strategies and policies is known as _____.

- 1 upward communication
- 2 downward communication
- 3 management by wandering around (MBWA)
- 4 horizontal communication

33. Which one of the following is an interpersonal barrier to effective communication in the organisation?

- 1 perception
- 2 status
- 3 information overload
- 4 credibility

34. Which one of the following is a structural barrier to effective communication in the organisation?

- 1 individual differences in communication skills
- 2 group size
- 3 nonverbal cues
- 4 trust between sender and receiver

[TURN OVER]

35 The negotiation process usually passes through five distinct phases.

Task leaders generally emerge during the _____ phase.

- 1 emotional
- 2 constructive
- 3 political
- 4 problem-definition

36 All the decisions regarding the designs of their fashion ranges are made by Benetton, the international clothing manufacturer, but they outsource to a host of manufacturing companies, advertisers, distributors and retailers who perform all the activities that are necessary to move the product from factory to consumer.

This is an example of a/an _____ organisation structure.

- 1 internal network
- 2 stable network
- 3 dynamic network
- 4 matrix

37 Seaside Steel Factory's goal is to cut inventory costs as much as possible. Seaside Steel Factory has a stable labour force and can count on the reliable delivery of defect-free components from its main suppliers.

Which one of the following inventory control systems can Seaside implement to reach this goal?

- 1 material requirements planning (MRP)
- 2 just-in-time (JIT)
- 3 economic ordering quantity (EOQ)
- 4 total quality management (TQM)

38 Which one of the following factors could contribute to an organisation's decision to centralise authority?

- 1 the environment in which the organisation functions is complex
- 2 the organisation is very large
- 3 the costs associated with decisions made in the organisation are high
- 4 lower-level managers are well-qualified

[TURN OVER]

- 39 Mr Smith is the marketing manager of a well-known organisation. His subordinates follow him because they like him, respect him and identify with him.

This is an example of _____ power possessed by Mr Smith.

- 1 coercive
- ~~2~~ referent
- 3 expert
- 4 legitimate

Questions 40 to 43

Match the leadership model in column A with a management application in column B.

COLUMN A		COLUMN B	
40	The leadership grid 4	1	assists managers in deciding which leadership style matches the task maturity of subordinates
41	Hersey and Blanchard's model 1	2	helps managers to adjust their leadership style according to what degree of freedom they want to allow their subordinates
42	Tannenbaum and Schmidt's model 2	3	helps managers to maintain a good fit between their leadership style and the situation by analysing the situation and changing the situation to fit their leadership style
43	Fiedler's contingency theory 3	4	may help a top-level manager to identify a middle manager's leadership style

- 44 Which of the following statements refer to hygiene factors according to Herzberg's two-factor motivation theory?

- a 'I work with a friendly group of people, we often go out together after work.'
- b 'We are not surprised that one of our friends landed in hospital when the company car's brakes failed – those vehicles are never serviced and our manager is not concerned about it.'
- c 'No matter how hard I work, I do not believe that I will be promoted - when a senior post became vacant recently, an outsider was appointed.'
- d 'At the other branch of this restaurant, employees are getting free lunches, why can't we get the same?'

- 1 ab
- ~~2~~ ad
- 3 bc
- 4 dc

[TURN OVER]

45 Which of the following statements refer to motivation theories that can be classified as process theories?

- a 'I work with a friendly group of people, we often go out together after work.'
- b 'At the other branch of this restaurant employees are getting free lunches, why can't we get the same?'
- c 'No matter how hard I work, I do not believe that I will be promoted - when a senior post became vacant recently, an outsider was appointed.'
- d 'We are not surprised that one of our friends landed in hospital when the company car's brakes failed - those vehicles are never serviced and management is not concerned about it.'

- 1 ab
- 2 ad
- 3 bc
- 4 dc

46 Job enrichment, also called _____ entails giving employees more _____ tasks that were previously done by _____, while job enlargement, also called _____ entails giving employees _____ tasks on the same level.

Select the correct sequence of words from the list below to complete the above paragraph.

- a planning and control
- b more
- c fewer
- d horizontal work loading
- e vertical work loading ✓
- f people in higher levels of management
- g people in lower management levels
- h organising and leading

- 1 dbeaf
- ~~2 eaifdb~~
- 3 dceaf
- 4 ebdhg

[TURN OVER]

- 48 The operations manager must take **corrective action** to ensure that differences between standard and actual costs do not occur again in April 2002.

Which **one** of the following suggestions can the manager implement to rectify the situation?

- 1 Urge the workers to work harder.
 - 2 Negotiate a better price with suppliers for materials.
 - 3 Adjust the standard cost of labour.
 - 4 Return to the old production process.
- 49 A mining company builds a school and a hospital for the community of a small town in the Northern Province where the mine is situated.

This is an example of the _____ view of social responsibility.

- 1 social responsiveness
 - 2 social reaction
 - 3 social obligation
 - 4 social justice
- 50 According to the South African Constitution in the Bill of Rights, individuals should have freedom of religion, belief and speech.

This statement supports the _____ approach to ethical decision making.

- 1 utilitarian
- 2 moral rights
- 3 social justice
- 4 social obligation

Questions 51 to 70

Read the following case study and answer the questions that follow.
This case study was written in the early 1990s.

In 1978, Bill Gates and Paul Allen launched Microsoft, which grew from a small business into a giant. Microsoft recognised the opportunity to gain control over software and operating systems (the core of the PC-MS-DOS and Windows) and made the decision to go for it. One of the greatest mysteries remains how IBM, the world's largest computer maker that practically created the PC

[TURN OVER]

market, miscalculated the opportunity for software and operating systems and allowed Microsoft to take control. In missing the early opportunity, IBM created later problems for growth. IBM hopes that by buying a star software company it will become a software star that can compete with Microsoft. Microsoft is now a larger company than IBM. Bill Gates's 30 percent stock ownership has been valued at over \$7 billion. The phenomenal growth of Microsoft is directly related to Gates' dedication to innovation and hard work. Over 120 million PCs run on the Microsoft MS-DOS operating system worldwide. Microsoft has over 30 percent of the market share and outsells its three largest competitors - Lotus, Novell, and WordPerfect - combined.

Bill Gates, known as a demanding boss, encourages creativity and recognises employee achievements. He demands that his colleagues be well-informed, logical, vocal and thick skinned. Employees often spend long hours interacting in teams. Teams that develop and market programming languages must present their ideas at the so-called 'Bill' meetings. During 'Bill' meetings, Gates often interrupts presentations to question facts and assertions. He is known to shout criticism and challenges at team members who are expected to stand up to him with good answers.

Bill Gates actively participates in and coordinates small units devoted to functional areas such as programming and marketing, but he delegates authority to managers to run their departments. Each part of the company is independent, yet Gates is the glue that holds it all together. Gates' overall business goals and plan for Microsoft, known as the Microsoft Vision, are clearly stated and effectively communicated throughout the company. His concept '*Information at your fingertips*' will take at least a decade to realise. He believes that any piece of information that the public wants, should be available. Gates talks about how the company's current success sprang from the bets it made years ago and stuck with. The bets for the 1990s include multimedia, interactive TV, object-oriented programming, and far-out projects such as a wallet PC.

Source : Adapted Lussier, RN. 1996. *Management: concepts, applications, skill development*. Cincinnati: International Thompson Publishing. p 27.

51 Which one of the following organisational resources is the activating resource used by Gates, ensuring that Microsoft stays ahead of its competitors?

- 1 human
- 2 financial
- 3 physical
- 4 informational

[TURN OVER]

52 Which management skills are used most by Bill Gates to get results from his employees?

- 1 informational and technical
- 2 interpersonal and conceptual
- 3 technical and interpersonal
- 4 informational and conceptual

53 The 'Microsoft Vision' is an outcome of _____ as a management function.

- 1 planning
- 2 organising
- 3 leading
- 4 control

54 Bill Gates' participation in and coordination of small units, but delegating authority to managers to run their own departments, is an example of the _____ function of management.

- 1 planning
- 2 organising
- 3 leading
- 4 control

55 The role that Gates is fulfilling as an exceptional entrepreneur is classified as a/an _____ role of managers.

- 1 resource allocating
- 2 decision-making
- 3 informational
- 4 interpersonal

56 Which one of the following leadership approaches best describes Bill Gates' leadership style?

- 1 behavioural
- 2 contingency
- 3 transformational
- 4 transactional

[TURN OVER

57. During 'Bill' meetings, Gates often interrupts presentations to question facts and assertions. He is known to shout criticism and challenges at team members who are expected to stand up to him with good answers.

Gates uses his _____ power to stimulate and challenge his subordinates, and in this way they learn from him.

- 1 referent
- 2 expert
- 3 legitimate
- 4 coercive

58. Microsoft is an organisation where the principle of _____ authority is illustrated by the management style of its leader, Bill Gates.

- 1 centralised
- 2 line
- 3 staff
- 4 decentralised

59. The motivation theory predicting that an employee with a _____ will be motivated to perform exceptionally well at Microsoft was developed by McClelland.

- 1 high nPow
- 2 unfulfilled esteem need
- 3 high nAch
- 4 high nAff

60. Bill Gates delegates authority to managers to run their own departments. This implies that a marketing manager at Microsoft is _____.

- 1 accountable to his subordinates for the performance of his department
- 2 not accountable for the performance of his department, because accountability cannot be delegated by his superiors
- 3 accountable but not responsible for the performance of his department
- 4 responsible and accountable for the performance of his department

[TURN OVER]

68 When distinguishing between managers and leaders, the behaviour of Bill Gates can be categorised as that of a leader rather than a manager.

Managers typically focus on _____.

- a nonbehavioural aspects of management
- b behavioural aspects of management
- c change
- d creating and sharing a vision
- e maintaining the *status quo*

- 1 abd
- 2 bcd
- 3 ce
- 4 ae

69 Leaders typically focus on _____.

- a nonbehavioural aspects of management
- b behavioural aspects of management
- c change
- d creating and sharing a vision
- e maintaining the *status quo*

- 1 abd
- 2 ce
- 3 ae
- 4 bcd

70 Bill Gates believes that any piece of information that the public wants, should be available to them and his dream is that Microsoft will be able to fulfil this need in the future.

This is an example of a _____.

- 1 vision
- 2 mission
- 3 goal
- 4 strategic plan