INSTRUCTIONS TO CANDIDATES

1. Please refer to the examination rules and regulations as found in the examination answer book.

2. **Section A** is a **multiple choice** question which is **COMPULSORY** and is worth **40 marks**.

3. **Section B** is a **discussion question**. Answer **ALL** the questions. This section is worth **60 marks**.

4. Read all questions carefully to determine exactly what is required before attempting to answer.

5. Set your answers out in a systematic way under appropriate headings and sub-headings.

6. Number your answers clearly.

7. **IMPORTANT**: Indicate the questions attempted by drawing a circle around the question number as provided on the front cover of the answer book.

**NOTE:**
- Examination answer books are the property of the IMM GSM and may not be removed from the examination hall.
- Answers to examination questions should not include appendices in the form of personal notes to the examining panel.
SECTION A (40 MARKS)
COMPULSORY
Answer ALL the questions

QUESTION 1 (MULTIPLE CHOICE) [40]

Indicate your answers to each of the following questions on the answer sheet provided. Each question is worth one (1) mark.

For each question below select the MOST APPROPRIATE answer from the choices given. Mark your answer with an X in the correct block on the ANSWER SHEET on pages 10 and 11.

NB: Detach the answer sheet from the question paper and insert it in the answer book before handing in to your invigilator.

1.1 The mission statement, goals and production factors are part of which environment?
   A Macro-  
   B Market  
   C Mega-  
   D Micro-

1.2 Technology can be seen as
   A a regulatory factor.  
   B an uncontrollable factor.  
   C a component of management.  
   D a controllable factor.

1.3 New and better products and procedures refer to which environment?
   A Market  
   B Institutional  
   C Economic  
   D Technological

1.4 Critical variables, such as population growth, market composition and geographic location are part of which environment?
   A Technological  
   B Economic  
   C Social  
   D Cultural

1.5 The availability, conservation and utilisation of resources are part of
   A the natural environment.  
   B government policy.  
   C consumerism.  
   D the institutional environment.
Consider the following list of variables and answer questions 1.6, 1.7 and 1.8
(a) Highly regulated business environment
(b) Rising medical inflation
(c) Increasing consumerism
(d) Increasing focus of customers on wellness, in particular longevity
(e) Changing social trends
(f) Continual innovation and a spirit of entrepreneurship
(g) Exceptional reward and recognition programmes

1.6 Which of the variables listed above originate from a business’s internal environment?
A a, c
B d, f
C f, g
D g

1.7 Which of the variables listed above originate from a business’s market environment?
A a, c
B b, c
C d, e
D c, d

1.8 Which of the variables listed above originate from a business’s macro-environment?
A a, c
B a, b, e
C b, e
D f, g

1.9 “To make people healthier and to protect and enhance their lives” is an example of a
A mission.
B corporate strategy.
C vision.
D standing plan.

1.10 Management need to have ___________ skills in order to view the operations of the organisation and its five companies holistically.
A interpersonal
B decision-making
C conceptual
D technical

1.11 Which one of the following is NOT a duty of the financial manager, when starting a business?
A Determining long-term investments, i.e. machinery and equipment
B Formulating the mission of the business
C Obtaining long-term financing
D Managing daily financial activities
1.12 Which one of the following is an activity ratio?
A Operating cost percentage
B Debt to equity ratio
C Fixed asset turnover
D Current ratio

1.13 _________ is the method used to determine the value added by cash generating projects.
A The rate of return on total capital
B Return on equity
C Earnings per share
D Economic value added

1.14 _________ is the difference between the current assets and the current liabilities of the business.
A Working capital
B Long-term capital
C Current expenditure
D Net working capital

1.15 Which one of the following is NOT a step in the planning process of a business?
A Preparing a plan to implement the best alternative
B Comparing the actual performance with the standards
C Which alternatives can be implemented to achieve the objectives
D Which alternative must be chosen as the best option

1.16 What are the marketing activities involved in the transfer of a market offering to buyers?
A Primary, secondary, tertiary
B Primary, auxiliary, exchange
C Major, minor
D Individual, group

1.17 Complex purchase behaviour can be defined as:
A Highly involved, expensive products
B Unaware of brands, low risk
C Few different brands
D Low involvement, expensive products

1.18 Auxiliary marketing activities are the following:
A Financing, employees
B Storage, risk-taking
C Technology, standardisation and grading
D Storage, transportation
1.19 The key variables of the market environment are:
A Consumers, competitors  
B Competitors, suppliers  
C Intermediaries, consumers  
D All of the above.

1.20 The macro-environment is divided into variables, namely:
A Technological, social  
B Economic, demographic  
C Political, social  
D Only A and C.

1.21 __________ can be defined as an overall approach to management, comprising the philosophies, policies and practices related to the activities of staffing, retention, development, adjustment and managing change.
A A business strategy  
B The HR system  
C The HR role clusters  
D Intellectual capital management

1.22 The primary role of all HR departments is
A to measure human capital contribution.  
B acquisition of human resources.  
C to support the strategic direction of the business.  
D talent management.

1.23 Who is responsible for managing people issues in a business?
A Top management  
B The HR function  
C Supervisors of all work teams  
D Line managers and the HR function

1.24 Line managers must be involved in the following central HR activities:
A Staffing, retention, development, adjustment, managing change  
B Staffing, retention, development, HR administration, employment relations  
C Acquisition, development, utilisation, reward management, retention  
D None of the above.

1.25 __________ refers to the organisation’s unique ‘personality’ consisting of five major elements (production process, market posture, managerial philosophy, structure, culture).
A Organisational capabilities  
B Organisational strategies  
C Organisational characteristics  
D Organisational philosophy
1.26 What are the major functions of operations management?
A The function of product design, purchasing and capacity planning.
B The function of service/product design; planning of capacity and demand; production system design; production planning and control; improvement, problem-solving and maintenance.
C The function of service design; planning of capacity and demand; production system design; production planning; improvement and problem solving.
D The function of service/product design; production system design; production planning and control; improvement, problem solving and maintenance.

1.27 Production/operations management
A deals with the general management tasks of the activities within a business, whereby machines and labour are engineered into physical products.
B refers to the ‘technical part’ of the business where outputs are transformed into products and services.
C primarily focuses on the transformation of outputs, like raw materials and capital.
D refers to the management discipline related to adding value by means of transformation processes.

1.28 There are several types of benchmarking. Which one of the following is not a type of benchmarking?
A Generic processes that are similar are compared, regardless of the industry.
B Internal benchmarking entails comparing internal processes and operations.
C Chasm exploring, where many high-tech fortunes have been found.
D Functional benchmarking involves comparisons with similar functions within industry leaders.

1.29 Inventory management implies control over a primary financial investment. Which one of the following alternatives is incorrect?
A Holding inventory goes hand in hand with certain cost factors, such as obsolescence and interest on capital investment.
B Holding inventory goes hand in hand with physical wear and tear, possible damages, transportation and insurance.
C Inventory management relates to important timing and lot size decisions.
D The EOQ (economic order quantity) is always as important and applicable as MRP.

1.30 Which is the incorrect definition for under-capacity scheduling?
A Under-capacity scheduling means that less than the total available capacity is scheduled, for example, 95% of available capacity for a particular shift.
B Capacity planning done under water.
C The required output for the shift is only 95% of what could be produced at full capacity.
D Technological development.

1.31 Which one of the following is not a reason for the outsourcing/insourcing decision analysis?
A Demand for a product/service changes
B Rapid technological developments
C New technology
D All of the above are reasons for the outsourcing/insourcing analysis.

1.32 Wasteful activities, such as overproduction, waiting time delays and poor materials flow can be identified through a
A just-in-time system (JIT).
B total cost of ownership (TCO) analysis.
C continuous improvement philosophy.
D supply chain mapping.

1.33 Which one of the following is not a barrier to the implementation of the supply chain management approach?
A A shortage of funds/capital
B Resistance to change
C Cultural differences
D Production capacity problems

1.34 Customer relationship management, demand management and supplier relationship management
A are objectives of the supply chain management approach.
B are some of the integrated supply chain processes.
C bring cohesion in the supply chain.
D create a seamless supply chain operation.

1.35 High volumes of standard products or services that are purchased in a competitive market fall in the category and the best relationship with the suppliers would be:
A Routine; arm’s length
B Bottleneck; close with long-term contract
C Leverage; arm’s length with blanket order
D Bottleneck; arm’s length

1.36 ________ includes the introduction of new and improved products in the market-place.
A Strategic renewal
B Creativity
C Corporate venturing
D Innovation
1.37 The step in the creative process where the solution to the problem becomes apparent to the entrepreneur is known as the stage:
A Problem identification
B Preparation
C Incubation
D Illumination

1.38 In which stage of the innovative process would the product be placed in the market to gauge customer response to it?
A Idea generation
B Concept testing
C Test marketing
D Technical feasibility assessment

1.39 The person who manages the entrepreneurial project in the company is referred to as the ________.
A champion
B sponsor
C reactor
D initiator

1.40 The member of the entrepreneurial team who protects the entrepreneurial project from termination and advocates for the project’s acceptance is the ________.
A leader
B sponsor
C performer
D supporter

SECTION B (60 MARKS)
Answer ALL the questions

QUESTION 2 [15]
You have decided to open your own bakery. Identify, briefly describe and apply the five steps to follow when establishing the optimal place/location for your new business. (Remember that the sequence of steps must be in correct order.)

QUESTION 3 [15]
Define the term ‘management’. Furthermore identify and briefly describe the four (4) fundamental/primary management tasks discussed in your prescribed textbook.

QUESTION 4 [10]
Name and explain (using an example) the five (5) gaps that exist between production of products and the consumption thereof.
QUESTION 5

Management tasks of the supply chain manager can be divided into two categories. Identify and classify these tasks.

QUESTION 6

The general operations management principles promote value and save time. Briefly explain any ten (10) of these principles.

EXAM TOTAL: 100
**ANSWER SHEET**

(DETACH THE ANSWER SHEET AND INCLUDE IT IN YOUR ANSWER BOOK)

**EXAMINATION:** BUSINESS MANAGEMENT (BM)
BUSINESS MANAGEMENT BM 1 (BM101)

**DATE:** MAY 2011 PILOT PAPER

**QUESTION:** ONE (1)

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