

UNIVERSITY OF FORT HARE
DEPARTMENT OF BUSINESS MANAGEMENT
MAIN EXAMINATION

Business Management
BEC123F / L

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MARKS: 50

DURATION: 1 Hour 30 Minutes

(Final mark will be given as a percentage)

1. Answer TWO questions:

Question 1 in SECTION A, which is compulsory.
ONE question from Section B.
2. Number the questions correctly.
3. Write your student number and name on your answer books.
4. Write legibly.
5. Enter the numbers of the questions answered on the front cover of your answer books.
6. Indicate the number of answer books handed in on the front cover of each book.
7. Enter your student number on the multiple choice answer sheet provided with this paper and place the answer sheet inside the front cover of your answer book.

PLEASE NOTE: THIS PAPER CONSISTS OF 9 PAGES.

Section A: Multiple Choice (All 25 questions are compulsory)

1. Trade credit offers several advantages as a source of short-term funds. Which of the following is NOT regarded as one of these advantages?
 - a) trade credit is more flexible than other forms of short-term financing
 - b) it assists in building customer relationship management
 - c) it is informal
 - d) it is readily available to businesses that pay their suppliers regularly

2. Which of the following combinations can be considered to be some of the tasks of the cross functional sourcing teams?
 1. developing relationships with suppliers and evaluating suppliers performance
 2. negotiation of department wide purchasing agreements
 3. developing cost reduction strategies
 4. supplier selection and developing sourcing strategies
 5. suitable matching of customers to suppliers
 - a) 1,2,3
 - b) 1,3,4
 - c) 1,2,5
 - d) 3,4,5

3. Which of the following are NOT considered to be control points for effectively managing purchasing and supply activities?
 1. Price proficiency
 2. purchasing and supply ratio's
 3. Inventory holding
 4. Relationship performance with suppliers
 5. cost savings achieved in relation to productivity
 - a) 1,2,3
 - b) 2,3,4

- c) 1,3,4
- d) 3,4,5

4. Which of the following is NOT a purchasing activity / decision?

- a) Quantity
- b) Suppliers
- c) Pricing
- d) Communication

5. Which of the following is NOT an inventory control system?

- a) material requirements planning
- b) last in last out strategy
- c) just-in-time system
- d) efficient consumer response system

6. Step three of the strategic management process refers to....

- a) Strategic direction
- b) Strategic objectives
- c) External environment analysis
- d) Internal analysis

7. A differentiation strategy refers to _____.

- a) Competitive advantage stems from higher prices that customers are willing to pay for perceived quality of product
- b) Competitive advantage stems from ability to produce products and services at lower production costs than competitors
- c) Organisation attempts to gain dominance in narrow segment of the market through differentiation or cost leadership
- d) Organisation attempts to gain dominance in a niche segment with lower prices than competitors

8. Which of the following strategic control aspects are NOT necessary to monitor and evaluate strategic management fully?

- a) ensure the required level of vertical integration is achieved

- b) have an internal and external focus
- c) be systematic and ensure that the process is continuous
- d) be forward looking as well as backward looking

9. Which of the following combinations represents the benefits of digital dashboards to strategic management users?

- 1. the ability to make more informed decisions based on collected business intelligence
- 2. the ability to identify and correct negative trends
- 3. the visual presentation of performance management
- 4. the ability to forecast short-term sales and purchasing patterns
- 5. measurement of inefficiencies and efficiencies
- 6. time-saving when running multiple reports

- a) 1,2,3,4,5
- b) 2,3,4,5,6
- c) 3,4,5,6,1
- d) 1,2,3,5,6

10. _____ is the ability of the business to satisfy its short-term obligations as they become due.

- a) Solvency
- b) Liquidity
- c) Debt
- d) Profitability
- e) Gearing

11. Purchasing and supply management have certain aids at their disposal to facilitate executing the management functions of planning, organizing and control. Which one of the following options lists all of these aids?

- a) Benchmarks; purchasing and supply budgets; purchasing and supply policy
- b) Purchasing and supply strategy; materials budget; administrative budget
- c) Purchasing and supply policy; purchasing and supply budgets; financial statements
- d) Benchmarks; purchasing and supply strategy; purchasing and supply budgets

- e) Purchasing and supply budgets; purchasing and supply strategy; purchasing and supply policy
12. Thabo has his own IT company that has branches in various regions in Gauteng. The head office is in Johannesburg where Thabo lives. The purchasing and supply manager and his personnel, who are also based at the company's headquarters, are responsible for the purchasing and supply function. Thabo's company is an example of a(n) _____ purchasing and supply function.
- a) decentralised
 - b) centralised
 - c) tactical
 - d) strategic
 - e) innovative
13. The purchasing manager of a toy company decides that when there are only 20 Snow White Barbie dolls in stock, he will order 50 new Barbie dolls. Which inventory control system does this refer to?
- a) Cyclical ordering system
 - b) Just-in-time (JIT) system
 - c) Materials requirements planning system
 - d) Fixed order quantity system
 - e) Efficient consumer response (ECR) system
14. Which of the following does NOT form part of an organisation's cultural web?
- a) Power structures
 - b) Routines and rituals
 - c) Symbols
 - d) Technology
 - e) Control systems
15. Which business intelligence system surveys large amounts of data in search of coherent patterns and/or orderly relationships between variables?
- a) OLAP
 - b) SAP
 - c) Data mining
 - d) Management dashboards
 - e) EIS

16. Printmate's planning at _____ level, involves elements such as supplier alliances, supplier development, supply-chain process integration, availability forecasting and purchasing and supply policy.

- a) operations
- b) tactical
- c) middle management
- d) strategic
- e) lower management

17. Which of the following is NOT correct? Financial management is the art and science of _____

- a) obtaining enough finance/funds for a business at the lowest cost
- b) maintaining the correct stock levels to ensure that cash flow problems are not experienced
- c) investing in assets earning greater interest than cost of capital
- d) managing profitability, liquidity and solvency of the business
- e) managing the flow of funds in the business

18. Which of the following is NOT true of an income statement?

- a) it reflects net sales minus cost of sales
- b) it does not reflect profit before tax
- c) it reflects shareholders dividends and retained profits
- d) it reflects operating profit
- e) it reflects closing stock or inventory

19. A(n) _____ in current assets means a low degree of risk as more than adequate amounts of cash are available to pay bills when they are due.

- a) over-investment
- b) under-investment
- c) correct investment
- d) cautious investment
- e) limited investment

20. The purchasing function should perform which of the following activities?

1. Choosing suppliers
2. Comparing the prices of the enterprise with those of competitors in the same field
3. Warehousing of products purchased
4. Determining the quality of materials

- a) 1,2 only
- b) 1,3,4
- c) 1,3
- d) 2,3,4
- e) 4 only

21. Which of the following are purchasing objectives?

1. To provide products in the right quantity
2. To develop a materials flow system
3. To standardise products
4. To retain the market share

- a) 1,2,3
- b) 1,2,4
- c) 1,3,4
- d) 2,3,4
- e) 2, 3 only

22. Michael Porter developed the notion of generic strategies that organisations can choose from to use when implementing a strategy. Which one of the following is NOT one of these a generic strategy?

- a) Differentiation strategies
- b) Cost leadership strategies
- c) Focus strategies
- d) Target strategies

23. Which of the following is NOT a stage of the cash cycle?

- a) Investing cash in raw materials
- b) Converting the raw materials to finished products
- c) Selling the finished products on credit
- d) justification of budget requests

24. There are three approaches to short-term financial planning, they include;

- a) strategic, conservative and aggressive approaches
- b) moderate, conservative and aggressive approaches
- c) matching or hedging, aggressive and conservative approaches
- d) aggressive, moderate and matching approaches
- e) limited, liquidity and solvency

25. Which of the following is NOT a purpose of the purchasing and supply function:

- a) to provide the right materials, services and equipment at reasonable prices
- b) to ensure that there is enough funding to purchase equipment and supplies
- c) to satisfy product / service quality requirements
- d) to ensure that the correct quantity of products is supplied at the right time and right place

SECTION B: (Answer either question 2 or question 3).

Question 2

- a) Inventory should be managed and controlled so that optimal inventory levels can be maintained. Describe any three inventory control systems. [15].
- b) Identify the consecutive steps in the purchasing process and identify a document that will be used at each at each step of the purchasing process. [10].

OR

Question 3

- a) Identify and explain any five sources of financing for small businesses. [15].
- b) Discuss any three strategic choices that a business can choose from when implementing a strategy. [10].

END OF EXAMINATION