



QUALIFICATION: Bachelor of Business Management	
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SPECIAL EXAMINATION PAPER

EXAMINER(S):

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MODERATOR: Dr. AR Asa

**THIS EXAMINATION PAPER CONSISTS OF 6 PAGES
(INCLUDING THIS FRONT PAGE)**

INSTRUCTIONS

1. Answer **all questions**.
2. Read all the questions carefully before answering.
3. Marks for each question are indicated at the end of the question.
4. Please ensure that your writing is legible, neat and presentable.

PERMISSIBLE MATERIALS

1. Calculators are allowed.

SECTION A**[50 Marks]****QUESTION 1**

Choose the correct option and indicate your choice (A-D) next to the appropriate number in the examination book provided. For example 1. B.

[20 x 2 = 40 Marks]

- 1.1 There are several economic systems in the world. The country of Utopia allows and encourages all members of the community to possess houses and to earn profits on them by renting the houses out to overseas tourists. Clothing and food are allocated based on free market demand and is not controlled by the government. All residents of Utopia are allowed to choose which careers they want to follow. Which economic system does Utopia use?
- A. Command economy
 - B. Socialism
 - C. Free-market economy
 - D. Communism
- 1.2 A business's effort to provide the greatest possible need satisfaction with limited available resources is known as _____
- A. need satisfaction.
 - B. the economic principle.
 - C. productivity.
 - D. rate of return on total capital.
- 1.3 What is a viable business idea?
- A. An idea that can be transformed into a profitable business.
 - B. An idea that is practical.
 - C. An idea that is difficult to apply.
 - D. An idea that is easy to apply.
- 1.4 Smart Designs is a sole proprietorship. Smart Designs is a graphic design company started by a student named Thandi. Which one of the following statements regarding a sole proprietorship is true?
- A. Smart Designs is liable for debts and liabilities.
 - B. Smart Designs was created by means of a founding statement.
 - C. Should Thandi wish to transfer ownership of Smart Designs, it will be done by means of free transfer of shares.
 - D. Smart Designs' lifespan is directly linked to Thandi's lifespan.
- 1.5 The business plan consists of several items. Which one of the following descriptions matches that of the marketing plan?
- A. It identifies the customers and competitors.
 - B. It gives an overview of the business plan and highlights the significant points of the entire business plan.
 - C. It describes the facilities and the labour to be used, raw materials and processing requirements.
 - D. It explains the history of the company, the type of business and legal organisation.
- 1.6 Which one of the following does not form part of the information role of managers?
- A. monitoring
 - B. spokesperson
 - C. disseminating
 - D. troubleshooter

- 1.7 Lorraine has just completed her degree in Business Management at NUST and has opened a new photography studio that sells cameras and equipment, develops photos and gives classes on the art of photography.
When Lorraine deals with clients, she requires _____ skills and when she is busy developing photos, she requires _____ skills.
- Conceptual, informational
 - Interpersonal; conceptual
 - Interpersonal; technical
 - Informational; technical
- 1.8 Nictus has decided to sell their Samsung 43 inch plasma televisions at a low-priced special in the hope that consumers will also purchase other products when they visit the store to buy the special. This refers to:
- Skimming prices
 - Market penetration prices
 - A market-price level
 - Leader prices
- 1.9 You are the human resources manager of Success Portfolio Ltd. You have decided to do your recruitment for the position of a financial analyst by means of head-hunting. This means that you will have to recruit by ...
- offering the job to someone whom the management of Success Portfolio Ltd knows professionally.
 - placing an advertisement in the local newspaper.
 - visiting schools and universities to find prospective applicants.
 - placing an advertisement on the internet.
- 1.10 What marks the difference between economic systems?
- The way they manage the factors of production.
 - The way basic necessities are determined.
 - The way rules and regulations are legislated.
 - The way workers are relocated from different regions.
- 1.11 Corporate entrepreneurship is _____.
- entrepreneurship within an existing business
 - entrepreneurship limited to initiatives from lower management entrepreneurship based on business models on the Internet
 - entrepreneurship with a aim of creating a social responsibility programme
 - none of the above
- 1.12 Which of the following are not key players in Porter's five forces model of competitive strategy?
- Potential entrants
 - Governments
 - Buyers
 - Suppliers
- 1.13 A juristic person is _____.
- someone seeking justice for all in a third world country
 - an attorney
 - a form of business which exists independently from its members
 - a sole proprietorship

- 1.14 Woolworths, Mr Price, Ackermans, Pep, Big Daddy, Truworths and Foschini are all competitors of Edgars and thus part of the _____ environment.
- market
 - macro
 - physical
 - micro
- 1.15 The HIV/AIDS pandemic as experienced in sub-Saharan Africa is a variable in the _____ environment, which forms part of the _____ environment, over which managers in an organisation have _____ control.
- physical; market, indirect
 - social; market, direct
 - institutional-government; macro, no
 - social; macro, no
- 1.16 Which of the following are key skills required for effective and efficient management?
- conceptual skills
 - intellectual skills
 - interpersonal skills
 - technical skills
- a, b, d
 - a, b
 - a, c, d
 - b, c, d
- 1.17 Management is the process of utilising a business's resources to achieve specific objectives through the functions of _____, organising, leading and control.
- planning
 - communication
 - decision-making
 - motivation
- 1.18 Which one of the following statements about strategic goals is incorrect?
- Middle managers are responsible for formatting strategic goals that apply to the organisation as a whole over the medium term.
 - Strategic goals include a vision, a mission statement and long-term goals.
 - Long-term strategic goals are derived from the organizational mission statement.
 - Strategic goals should be clear, since tactical goals derive from them.
- 1.19 Shoprite Checkers, the supermarket chain, has set itself the objective of increasing market share from 20% to 80% within the next five years. The goal set by Shoprite Checkers is an example of a _____ that is formulated by _____ management.
- functional goal; middle
 - functional goal; top
 - long-term goal; middle
 - long-term goal; top

- 1.20 Rank the basic management functions managers perform running a business in the correct order.
- a. organizing
 - b. planning
 - c. leading
 - d. control
- A. b, a, c, d
 - B. b, c, d, a
 - C. c, a, b, d
 - D. d, a, b, c

Question 2

Indicate whether the following statements are True or False in the examination booklet provided

[1 x 10 = 10 marks]

No.	Statement
2.1	Factoring of a debt is a means of financing by allowing the creditors, or banks to assist with the financial needs of the business through loans.
2.2	The authority delegated down the chain of command from the CEO to the General Manager of Operations is known as line authority.
2.3	Motivation is an extrinsic process and therefore managers can motivate their employees.
2.4	Our national airline Air Namibia, is known as a mass service.
2.5	Total quality control is concerned with improving products and services outside the business and thereby satisfying the customers' needs.
2.6	An organisation rewards an outstanding employee with an overseas trip with all expenses paid – this is a form of direct compensation.
2.7	The higher the management level, the more interpersonal skills are required.
2.8	A manager has referent power if her subordinates obey her simply because they like, respect and identify with her. This is a form of personal power.
2.9	The objective of sales promotion is usually short-term and could either be to boost sales or to introduce the product to the market.
2.10	Businesses that systematically scan the environment are guaranteed to succeed.

SECTION B**[50 Marks]****Question 3****(Show all your workings in order to get full marks)**

Extract from statement of financial position as at 31 December 2015	
Cash and cash equivalent	N\$15 000
Debtors or receivables	N\$250 000
Inventories	N\$420 000
Creditors	N\$120 000
Accruals	N\$280 000
Long-term Investment	N\$214 902

- 3.1 From the above financial statement information calculate the **liquidity ratios**. (10)
- 3.2 The statement of financial position (balance sheet) ending 31 December 2015 noted long term investments of N\$214 902. Determine the original investment amount if interest is earned at a rate of 12% compounded semi-annually and the investment was made on 1 January 2011. (8)
- 3.3 SS Packaging Ltd has the following data for the month of July:
- | | |
|------------------------|------------|
| Selling price per unit | N\$200 |
| Variable cost per unit | N\$50 |
| Total fixed cost | N\$300 000 |
| Expected sales (units) | 5 000 |
- Find the break-even point in units.** (5)
- 3.4 Capital employed in SlowGrowth Ltd consists of long-term bank loans and shareholders' funds. The debt ratio is 58% and SlowGrowth asks the bank to give another long-term loan.
- What formula is used to calculate the debt ratio? (2)
 - Give **two** reasons why a bank might decline to advance a loan to SlowGrowth. (2)
4. You are interested in starting a cosmetics company which sells different ranges of cosmetics. How can you use demographic segmentation to segment the market for your products and to determine who your customers will be? (15)
5. An entrepreneur can conduct business through various forms of enterprise. Outline five (5) factors and entrepreneur should consider in choosing a form of enterprise. (5)
6. As a human resources consultant, why would you advise an employer to recruit from inside the organisation? (3)

End of paper