REGENT Business School

Master of Business Administration

Year 1

July 2019

Academic and Assessment Calendar

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1. MESSAGE FROM THE PROGRAMME COORDINATOR

Dear Student

I am delighted to welcome you to REGENT Business School (RBS). It gives me great pleasure in addressing you as the Programme Coordinator for the Master of Business Administration. We are very excited that you have joined our team and we hope that your studies bring you much enjoyment, enthusiasm and most importantly a fruitful academic learning experience.

The Master of Business Administration Degree (MBA) is the world‘s best known and most widely recognised management education qualification being viewed as a prerequisite to most top management positions. It provides the most comprehensive mix of modules in the field of management. Accounting and Finance, Strategic Marketing and Managerial Economics are three of the several modules that will be encountered over this twenty month Degree. The MBA also comprises a research and dissertation component.

We are pleased that you are registered, and on behalf of REGENT Business School, the Management, Staff and we wish you the very best throughout your studies. We look forward to getting to know you better in the months ahead. We wish you much success as you fulfill your academic goals and as you learn more about yourself and your place in the world.

Best wishes

Prof Osman Seedat
MBA Programme Coordinator

2. PURPOSE OF ACADEMIC AND ASSESSMENT CALENDAR

The objective of the academic and assessment calendar is to clearly define the rollout for the academic year ahead, and assist the student in grasping the assessment terminology and requirements. Students will find the programme structure inclusive of the module outlines, timeframes and other important deliverables.

The calendar contains all the formative assessments that need to be completed and submitted, together with the summative assessment dates.

The assessment and academic calendar is a supplementary booklet, and it is imperative that it be referenced in conjunction with the General Handbook for the academic year.

3. CONTACT INFORMATION

3.1 RBS OFFICES

REGENT Business School offers its academic programme via the distance learning mode of delivery. All administration of academic programmes are conducted out of REGENT Business School's Head office in Durban. The Johannesburg office provides administrative support services and helps facilitate communication between the Head Office and students.

The contact details of the offices are as follows:

Durban	**Johannesburg**
Physical Address: 35 Samora Machel (Aliwal) Street Durban, 4001, South Africa **Postal Address:** PO Box 10686 Marine Parade, 4056, South Africa **Telephone:** +27 31 3044626 or +27 31 826 7300 **Fax:** +27 31 3047303	**Physical Address:** 2nd Floor Sunnyside Centre, 13 Frost Avenue, Sunnyside, Auckland Park, Johannesburg, 2092 **Postal Address:** PO Box 291353 Melville Johannesburg, 2109, South Africa **Telephone:** +27 11 4821404 **Fax:** +27 11 4825299
WEBSITE: http://www.regent.ac.za **Email:** studentsupport@regent.ac.za	

4. STUDENT SUPPORT SERVICES: STUDENT INFORMATION DESK (SID)

Student centric education is one of the major policy objectives of REGENT Business School. In pursuance of this policy, the institution established a dedicated office to deal with student enquiries called the **Student Information Desk** (**SID**). SID is managed by a team which is committed to the principle of excellence in service delivery.

Perhaps, more importantly, SID gives intrinsic meaning and credence to the institution's motto – "*Taking The Distance Out Of Distance Learning"***.** The team at SID ensures that the many challenges and problems experienced by learners at a distance are dealt with efficiently.

Furthermore, in an effort to coordinate all student queries and ensure timeous and appropriate feedback; a specially designed system has been developed with the following focus:

- Formalise all queries and generate reference numbers for future communication.
- To coordinate communication between students and different divisions of the Business School.
- To follow-up on each query and bring it to a closure.
- To identify student challenges and strategise support with a view to mitigating challenges.

The consultants of the Student Information Desk (SID) will be able to provide you with information that you require.

Once again on behalf of the management and support team, REGENT Business School would like to confirm its commitment to students to ensure that you have a rewarding and fulfilling study experience.

We wish you everything of the best with your studies. Please feel free to contact the support staff of RBS.

We are committed towards your success.

studentsupport@regent.ac.za

5. PROGRAMME STRUCTURE

Master of Business Administration Year 1	
SEMESTER ONE MODULES (EXAMINATIONS IN SEMESTER 1)	**SEMESTER TWO MODULES (EXAMINATIONS IN SEMESTER 2)**
• Operations and Supply Chain Management • Information and Knowledge Management • Global Political Economy • Strategic Marketing • Managerial Economics	• Accounting and Finance • Strategic and Change Management • Governance and Sustainability • Leadership and Human Capital Development

6. WORKSHOPS

RBS will conduct workshop sessions for each module in each semester; however the workshops are held in regions where there are viable student numbers per module. The workshops are held on weekends. Whilst it is not compulsory to attend these workshops, all students are encouraged to attend the workshops at the nearest available workshop venue. In addition to obtaining additional insight regarding the modules, students have the opportunity of meeting and interacting with other students and academics.

6.1 WORKSHOP VENUES

COUNTRY	CITY	VENUE
South Africa	**Durban**	**REGENT Business School** 35 Samora Machel (Aliwal) Street, Durban
South Africa	**Johannesburg**	**Regent Business School** 13 Frost Avenue, Sunnyside Auckland Park Johannesburg
South Africa	**East London**	**REGENT Business School** 6 - 8 Donald Road Vincent East London
South Africa	**Cape Town**	**REGENT Business School** 9 Hemlock Street;1st Floor Newlands Cape Town
Swaziland	**Manzini**	**Lot 132 City Centre, Manzini, Swaziland** Mbhabha Street Commercial Area, Manzini – Near Swaziland Milling
Namibia	**Ongwediva**	**University of Namibia** Oshakati Campus Eliander Mwatale Street Oshakati Namibia
Namibia	**Windhoek**	**Dr Augustino Netto Drive** Unit 3 Ausspann Plaza Office Park Ground Floor Windhoek Namibia

- Workshops will be **held** at the venues above **depending on student enrolment.**
- In addition, workshops could be held at venues not mentioned above depending on student enrolment,
- Workshop programmes may be adjusted on the day of the workshop.

  Students should carry all study material to each workshop.

6.2 WORKSHOP MODULES

Workshops will be conducted on the following dates:

SEMESTER ONE: JULY - DECEMBER 2019	WORKSHOP SEMESTER ONE START DATE
• Operations and Supply Chain Management • Information and Knowledge Management • Global Political Economy • Strategic Marketing • Managerial Economics	**17 / 18 August 2019**
SEMESTER TWO: JANUARY – JUNE 2020	**WORKSHOP SEMESTER TWO START DATE**
• Accounting and Finance • Strategic and Change Management • Governance and Sustainability • Leadership and Human Capital Development	**29 February 2020**

A DETAILED WORKSHOP SCHEDULE WILL BE UPLOADED TO THE STUDENT PORTAL

7. PROGRAMME ASSESSMENT

- Each student is required to **submit one assignment (formative)** and **write one formal examination (summative)** for each module. Both assessments are compulsory.
- The final mark is computed as a weighted average of 50% from the formative component and 50% of the summative component.
- A student is required to obtain a final mark of at least 50% and a sub-minimum of at least 40% for both formative and summative component to pass a module.
- ***Refer to the General Handbook section, for details pertaining to REGENT Business School 's Assessment Policy***

8. FORMATIVE ASSESSMENT (ASSIGNMENTS)

8.1 ASSIGNMENT SUBMISSION GUIDELINES

The submission of assignments is compulsory. Students who do not submit an assignment for a module may be refused entry to the examination in that module. There is normally one assignment per module. The dates indicated in the assignment submission schedule are the **final due** dates. Students will be penalised if they submit assignments after the final submission date. **Hand written** assignments will not be accepted.

Ensure that an assignment cover page is attached to your assignment before submitting. Please print your own assignment cover page. Assignments that do not have an assignment cover page will not be processed for assessment. A sample copy is attached at the back of this academic and assessments calendar.

8.2 Mode of Submission: Upload via "myRegent" Portal

- Assignments must be submitted on or before the assignment due date indicated in the assignment schedule.
- Assignments must be submitted by upload via the "myregent" online portal.
- Ensure that you upload your assignment using a laptop or computer. Uploading of assignments via a mobile device or tablet is not supported.
- Assignments must be submitted as a single **PDF** file.
- Students are required to contact REGENT Business School should you experience challenges in uploading on or prior the due date.
- A student who achieves a mark of less than 60% will have another attempt at improving his/her grade by means of a re-submission.
- All resubmitted assignments are capped at a maximum mark of 60% in the event of the student achieving a mark that is higher than 60%.
- Please refer to **the student portal** for a guide on uploading the assignments.

It is imperative that the General Handbook be further referenced on the assignment rules and guidelines for submission of assignments.

9. PRESCRIBED/RECOMMENDED READINGS

Based on the publication of new editions as well as ongoing curriculum review and development, the prescribed/recommended lists of textbooks are subject to review and/or change on a regular basis. The latest edition of each book should be used.

MODULE	PRESCRIBED BOOKS (P) and RECOMMENDED READINGS (R)
Global Political Economy	Ravenhill, J. Global Political Economy 4th edition. **(P)**
Governance and Sustainability	Wixley, T. and Everingham, G. (2010) Corporate Governance. Third edition. SiberInk **(P)**
Leadership and Human Capital Development	Nel and Werner (2014). Human Resource Management. 9th Edition. South Africa, Oxford University Press.**(P)**
Accounting and Finance	Fundamentals of Corporate Finance 5th South African Edition (2012) by Firer, C.; Ross, S.; Westerfield, R.W. and Jordan, B.D. - McGraw-Hill. **(P)** Accounting for Non-Accounting Students - 8th Edition (2010) by Dyson, J.R. - Prentice Hall. **(R)**
Operations and Supply Chain Management	Heizer,J. and Render,B. (2016). Operations Management. (11th Edition). New Jersey: Prentice Hall. **(P)** Schroeder,G. (2011). Operations Management. (Contempory Concepts and Cases. USA: McGraw Hill. **(R)** Stevenson J. (2011). Production Operations Management. International Edition. USA: McGraw Hill **(R)**
Information and Knowledge Management	Laudon K.C. and Laudon J.P. (2016) Management Information Systems Managing the Digital Firm. 14th Edition. Boston: Pearson. **(P)** Marakas, G.M. and O’Brien, J.A. (2013). Introduction to Information systems. 16th Edition. New York: McGraw-Hill. **(R)**

MODULE	PRESCRIBED BOOKS (P) and RECOMMENDED READINGS (R)
Strategic and Change Management	**Title:** Crafting and Executing Strategy – Concepts and Cases. 15th Edition. **Author/s:** Thompson, Arthur A. Jr., Strickland, A.J. III and Gamble JE. **Publisher:** Boston: Irwin McGraw – Hill.
Managerial Economics	**Title:** Economics: Global and Southern African Perspectives **Author/s:** Parkin, M. **Publisher:** Pearson: South Africa **(P)** **Title:** Managerial Economics **Author/s:** Froeb, L.M.; Mc Cain, B.T; Shor, M., Word, M.R **Publisher:** Cengage Learning, USA **(R)** **Title:** Understanding Macroeconomics. **Author/s:** Mohr, P. **Publisher:** Van Schaik. Cape Town. **(R)**
Strategic Marketing	**Title:** Marketing Management. **Author/s:** Kotler, P. & Keller, K.L. **Publisher:** Essex: Pearson Education**. (P)** **Title:** Marketing Management. A South African Perspective. **Author/s:** Cant, M.C., Van Heerden, C.H. & Ngambi, H.C.. **Publisher:** Cape Town: Juta. **(R)**

All prescribed textbooks may be purchased from Shesha Books or any other accredited bookseller. You can contact Shesha Books on +27 31 3322702 or email sales@sheshabooks.co.za for further details.

10. ASSIGNMENT SCHEDULE

MODULE	ASSIGNMENT SUBMISSION DATE
SEMESTER ONE	
Managerial Economics	22 August 2019
Strategic Marketing	30 August 2019
Information and Knowledge Management	10 September 2019
Operations and Supply Chain Management	20 September 2019
Global Political Economy	03 October 2019
SEMESTER TWO	
Leadership and Human Capital Development	20 March 2020
Strategic and Change Management	03 April 2020
Accounting and Finance	17 April 2020
Governance and Sustainability	30 April 2020

11 ASSIGNMENT QUESTIONS: SEMESTER ONE (JULY - DECEMBER 2019)

11.1.1 MANAGERIAL ECONOMICS [100]

QUESTION ONE [45]

Read the extracts below and answer the questions that follow:

Petrol price increase will be 'catastrophic'

Kimberley - City residents can brace themselves for one of the highest fuel price increases as the cost of petrol smashes the R17 a litre mark from Wednesday.

Minister of Energy Jeff Radebe announced the adjustment of fuel prices for October on Monday.

Both grades of petrol, 93 and 95 (ULP & LRP), will increase by 99 cents and 100 cents a litre respectively from midnight on Tuesday night. This brings the overall retail price of 95 ULP for inland motorists to R17.08 cents a litre and R16.49 cents a litre at the coast.

The cost of diesel will go up by R1.24 a litre and illuminating paraffin (wholesale) by R1.04 cents a litre, while illuminating paraffin (SMNRP) will jump by R1.39 per litre. The maximum retail price of LP gas will increase by R1.79 per kilogramme.

The Department of Energy (DoE) said in a statement on Monday that South Africa's fuel prices were adjusted on a monthly basis, informed by international and local factors.

"International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including importation costs, e.g. shipping costs."

The department attributed the main reasons for the latest fuel price adjustments to the rand/US dollar exchange rate.

"The rand depreciated, on average, against the US dollar (from 13.90 to 14.90 rand per USD) during the period under review. This led to a higher contribution to the Basic Fuel Prices (BFP) on petrol by about 50.00 cents a litre and diesel and illuminating paraffin by about 52.00 cents a litre."

A further contributing was the increase in the price of crude oil which went up from 74.25 USD to 78.25 USD per barrel.

"The main contributing factors were the unwillingness by the Organisation of Petroleum Exporting Countries (OPEC) to increase their production outputs and negative impact of the hurricanes on petroleum infrastructure in the USA during the period under review. Furthermore, the looming sanctions against Iran oil exports by the USA will put more pressure on the crude oil prices."

The Automobile Association (AA) on Friday warned that fuel users are facing unprecedented price increases in October that it described as "catastrophic" for road users.

The AA noted that the major culprit is the country's economic policy which has left South Africans defenceless against upticks in international oil prices.

In September the DoE decided to intervene temporarily to provide some relief against fuel price hikes.

FNB Agric Business warned on Monday that the increase would place a further strain on consumers and hurt consumption growth.

"The South African Reserve Bank (SARB) earlier indicated that household consumption has already fallen by 1.3% in the second quarter of 2018 as spending on goods declined, particularly durables which were down 11.2%," Dawie Maree, head of marketing and information at FNB Agric Business, said yesterday.

"Small business and the poorer households will bear the brunt as their transport costs account for a large portion of household expenditure and the consequence of sustained fuel price increases will further erode disposable income and cause financial stress. This will force a change in spending patterns with a cut in spending on luxury items and frequency of visits to eateries."

Maree stated that locals faced a dim festive season if the current pace of fuel price increases was sustained in the two months ahead.

"At producer level, the impact will be cost pressures as we head into the new planting season for summer crops. The higher crude oil price, which has now breached the US$80/barrel level, is a double whammy due to the direct influence on the fuel price and the indirect influence on oil derivatives such as fertiliser, pesticides and herbicides (agrochemicals) all of which are inputs in crop farming. This will squeeze profit margins if agriculture commodity prices do keep up with the pace of input cost increases."

(Source: https://www.iol.co.za/news/south-africa/northern-cape/petrol-price-increase-will-be-catastrophic-17306101)

1.1 With reference to the given article, use supply and demand analysis to illustrate and explain the impact of an increase in fuel prices on the behaviour of households and producers. (20)

1.2 Identify the type of price control that governments can impose on the price of fuel to control the sustained price increases and critically discuss the economic effects of the imposition of such a price control. (15)

1.3 *"The rand depreciated, on average, against the US dollar (from 13.90 to 14.90 rand per USD) during the period under review."*

Critically evaluate the possible impact of the depreciation of the Rand on the trade balance in South Africa. (10)

QUESTION TWO **[25]**

According to a recently published article, "the United States and Mexico have agreed to update the 1994 North American Free Trade Agreement, but Canada continues to insist on deeply protectionist policies".

2.1 Critically evaluate Canada's sentiment on the implementation of protectionist policies, highlighting possible reasons for this stance. (15)

2.2 Explain the possible types of protectionist policies that can be implemented by Canada. (10)

QUESTION THREE [30]

Read the extract below and answer the questions that follow:

…Joseph Schumpeter, a great economist of the 20th century, argued through a theory of 'creative destruction' that monopoly power should not be a source of worry as their power would decline as they became inefficient and consumers demanded cheaper and better-quality goods which would decrease their market share. Yet, monopoly power through mergers threaten not only efficient markets and shared prosperity, but also democracy.

In the age of monopolies, competition is lost, and mergers are becoming more prominent. The modern era of dominant multi-national corporations cannot be viewed through the lens of competition. Any competition is now oligopolistic, not pure, due to low market concentrations.

Firms run to their lawyers to merge with competition rather than make their supply chains more efficient. This not only has significant implications for the consumer and the market, but also for democracy.

(Source: https://theboar.org/2018/09/disney-fox-merger-competition/)

3.1 With reference to the extract and with the aid of a diagram, explain why monopolies are considered to be inefficient. (15)

3.2 Using examples and diagrams to motivate your answer differentiate between the characteristics and the demand curve facing a monopolistic and an oligopolistic market structure. (15)

END OF MANAGERIAL ECONOMICS ASSIGNMENT

11.1.2 STRATEGIC MARKETING [100]

Read the article below and answer the questions that follow:

QUESTION ONE [40]

Coca-Cola just became a giant threat to Starbucks after buying one of Europe's biggest coffee chains for $5.1 billion

- The US beverage giant Coca-Cola is buying the British coffee-shop chain Costa Coffee in a surprise acquisition.
- The British company Whitbread is selling Costa for £3.9 billion, or R74 billion.
- Coca-Cola is using the deal to expand into the coffee market, where it has no presence.
- The move is likely to cause ripples for major coffee chains in the US like Starbucks.
- Shares in Whitbread jumped almost 20% at the open on the news.

Coca-Cola has announced a surprise move to buy Costa Coffee, one of Europe's largest café chains, from the British company Whitbread for £3.9 billion, or R74 billion, in a move likely to send shockwaves through the coffee industry.

Whitbread, which also owns the budget UK hotel chain Premier Inn, says that its board unanimously approved the deal and that it expects the sale to be completed by the first half of 2019. "This transaction is great news for shareholders as it recognizes the strategic value we have developed in the Costa brand and its international growth potential and accelerates the realization of value for shareholders in cash," Whitbread's CEO, Alison Brittain, said in a statement released to the stock market on Friday morning. Earlier in August, for example, Pepsi paid R47 billion to buy SodaStream, which allows consumers to make their own carbonated beverages at home.

Coffee wars: The threat to Starbucks

Costa's sale to Coca-Cola is likely to be seen as a direct challenge to the dominance of Starbucks in the US. Costa has more UK stores than Starbucks and has been expanding globally. In October it bought out Yueda, a Chinese coffee chain with which it had operated a joint venture in China for over a decade.

Costa is the second-largest coffee-shop chain in China, though its presence there is dwarfed by Starbucks' 2,800 stores. Coca-Cola's deal with Costa threatens not only Starbucks' store-based operations but also its retail arm, which sells branded iced coffees and coffee drinks in convenience and grocery stores around the world. In the UK, Costa operates thousands of self-service coffee machines in stores and gas stations, a model that could be expanded to the US.

Source: https://www.businessinsider.co.za/coca-cola-buys-costa-coffee-2018-8

1.1 Using relevant research and examples from the article discuss the reason for soft drink manufacturers diversifying into alternate beverage markets. (15)

1.2 Discuss the threat Coca- Colas acquisition poses to market leader Starbucks in the global coffee market. (15)

1.3 Coca- Cola plans to rival Starbucks in China. With regards to this discuss the ten critical capabilities the organisation would need in order to gain success in emerging markets. (10)

QUESTION TWO **[30]**

Marketing channels and distribution are critically important to ensuring success within emerging markets. Indeed, Tappin and Cave (2009: 35) assert that "the best Western companies operating in emerging markets have learned to understand what their customers want and know how to develop reliable distribution channels that respond to the unique structural and geographical challenges of each market."

With regards to the above information critically discuss how organizations can deliver value within emerging markets.

QUESTION THREE **[30]**

3.1 Discuss how the marketing function can manage the integrated marketing communications process. (20)

3.2 Examine the causes of new product failure and suggest ways on how these failures can be turned around. (10)

END OF STRATEGIC MARKETING ASSIGNMENT

11.1.3 INFORMATION AND KNOWLEDGE MANAGEMENT [100]

QUESTION ONE [50]

Read the article below and answer the questions that follow:

Facebook's biggest problem isn't ethics, hate or fake news. It's Facebook.

A recent article in The Wall Street Journal caught my eye: "Mark Zuckerberg Resolves to 'Fix' Facebook in 2018"

The article explains that the Facebook founder focuses on one major priority each year and Zuckerberg stated his current challenge in this way:

By any measure, Facebook is under attack. Facebook has been lambasted for allowing violent live videos, fabricated news articles, and Russia-backed advertising that disrupted the 2016 U.S. presidential campaign.

More recently, former executives and employees admitted they designed a platform meant to manipulate users into psychological dependence on Facebook.

The beloved social media platform built on cat memes and baby pictures has become a dark metropolis run by technologists determined to manipulate what we know and how we think.

Perhaps Facebook's biggest mistake has been that it has never accepted the awesome responsibility that comes with being the biggest media channel in history. Is Mark Zuckerberg finally focusing on the right problem? Is he about to get ahead of the ethics curve?

I'm concluding that he cannot and will not fix Facebook's core issues unless there is a threat of imminent and unavoidable government intervention. Allow me to explain.

It's all about dwell time

The economic viability of every social platform is built on a simple formula: Attract users and hold their attention as long as possible ("dwell time") so personal information can be collected that will fuel targeted ads.

We can view every Facebook problem through this lens. If a policy reduces dwell time, it will keep the company from attaining its never-ending goal of increasing quarterly profits.

Nearly every Facebook problem can somehow be connected to this simple economic truth. Dwell time increases through provocative posts and ads over dull ones. Dwell time will be enhanced through cunning psychological manipulators who make us addicted, over authentic and well-researched news stories. Controversy, sex, and violence drives dwell time more than truth and principled debate.

No tweak to algorithms, processes or policies can fix a problem that is the very foundation of Facebook's economic success and rising stock price.

The self-service conundrum

The other economic issue at the heart of the company's problem is the elegance of the Facebook self-service ad platform. When the controversy emerged about Russia manipulating public opinion through ads, I wasn't surprised at all. I mean why wouldn't somebody try this? On the other side, 60 Minutes reported how the Trump campaign used A/B testing to micro-manage ads in much the same way.

Anybody can advertise anything on Facebook as long as you have a valid credit card. Accessibility and ease of use is a pillar that has made Facebook great.

Zuckerberg acknowledged that the majority of advertising purchased on Facebook is bought "without the advertiser ever speaking to anyone at Facebook." His argument for this policy: "We don't check what people say before they say it, and frankly, I don't think our society should want us to."

We don't want Facebook to edit everything typed by our friends and family. But isn't it reasonable for Facebook to review all of the content it gets paid (tens of billions of dollars) to publish and promote?

Facebook has demonstrated that it has the technology to do this. But it won't, because it jeopardizes its economic model, which jeopardizes the quarterly number, which jeopardizes the stock price and individual wealth.

Remember, Facebook is running out of ad inventory. There is no way Facebook is going to take any meaningful action that would undermine ad sales in the forseeable future.

Facebook's biggest problem

So here's the situation.

- The economic foundations of Facebook are dependent on dwell time driven (at least in part) by provocative and controversial content.
- The company's ad revenues are under pressure, meaning they can't make any meaningful move that undermines dwell time or self-service ad sales.
- Historically, Facebook has not accepted its ethical responsibilities. The company has repeatedly demonstrated that it only responds to a problem after it has been caught.

In essence, Facebook's biggest problem is … Facebook.

Can Mark Zuckerberg tackle these issues in the next year? No. In fact, the problems might become even worse because to truly solve the overwhelming ethical issues, the company would have to uproot its entire advertising model. Becoming more ethical hurts their bottom line.

Zuckerberg will not fix Facebook's problems because he has no immediate economic incentive to do so.

The only thing that matters

The only thing that will force the company to change is an extreme threat to its reputation that could impact its stock price. If Zuckerberg believes that public opinion against Facebook is so bad that the government would consider regulation, he will take action to improve the company's reputation and hold that off. The truth is, tech firms have enjoyed a hands-off approach from Washington but this is changing.

These data points indicate a growing alarm over the power of monopolistic and unresponsive tech firms. Is internet legislation and government oversight on the horizon?

I think this development could tip the economics of Facebook and drive a proactive response. If the cost of defending his firm from potentially harmful legislation is greater than the impact on ad revenues, Mark Zuckerberg may actually do the right thing and get ahead of the ethics curve.

Source: https://businessesgrow.com/2018/01/08/facebooks-biggest-problem/

1.1 "The economic viability of every social platform is built on a simple formula: Attract users and hold their attention as long as possible ("dwell time") so personal information can be collected that will fuel targeted ads."

With regards to the above extract from the article critically discuss the conflict of interest between Facebook's business model and its ethical commitment to users. (15)

1.2 Facebook is an internet dependent social network, and as stated in the article has violated consumer privacy frequently.

With regards to the above examine the technical challenges to privacy regarding internet based applications. (15)

1.3 "More recently, former executives and employees admitted they designed a platform meant to manipulate users into psychological dependence on Facebook."

With regards to the above extract form the article, determine the impact online technology use has on an individual's quality of life, equity, access and boundaries. Use relevant examples from the article to support your answer. (20)

QUESTION TWO **[20]**

Technology and its associated information systems are now integrated throughout the organisation. Everyone is concerned about its role and impact on their work activities.

With regards to the information above evaluate the organisational capital and appropriate business model with regards to executives managing their organisational and management capital.

QUESTION THREE **[15]**

There is no one single information system that will satisfy all of the needs of an organisation. At first glance, it can be difficult to comprehend all the different systems in a business, and even more difficult to understand how they relate to one another.

With regards to the above information critically discuss the impact of information systems on organizational processes and the flow of information.

QUESTION FOUR **[15]**

Knowledge management refers to the set of business processes developed in an organisation to create, store, transfer and apply knowledge. Knowledge management increases the ability of the organisation to learn from its environment and to incorporate knowledge into its business processes.

With reference to these statements, discuss the steps in the knowledge management value chain and indicate why knowledge management and collaboration are closely related.

END OF INFORMATION AND KNOWLEDGE MANAGEMENT ASSIGNMMENT

11.1.4 OPERATIONS AND SUPPLY CHAIN MANAGEMENT [100]

QUESTION ONE [46]

Read the following and answer the questions that follow:

Seven-Eleven Japan

Established by Ito Yokado in 1973, Seven-Eleven Japan set up its first store in Tokyo in 1974. The company was first listed on the Tokyo Stock Exchange in October 1979. In 2005 Seven & I Holdings Co. Ltd. Was established as the holding company for Seven-Eleven Japan. Ito Yokado, and Denny's Japan. Seven-Eleven Japan realised phenomenal growth between 1985 and 2013, when the number of stores in Japan increased from 2 299 to more than 16 000. Globally, the firm had more than 53 000 convenience stores by June 2014 and was the world's largest chain in terms of retail outlets. Customer visits to Seven-Eleven outlets averaged more than 1 000 per store per day in 2013.

Both Ito-Yokado and Seven-Eleven Japan were founded by Masatoshi Ito. He started his retail empire after World War II. After a trip to the United States in 1961, Ito became convinced that superstores were the wave of the future. Ito's chain of superstores in Tokyo were instantly popular and constituted the core of Ito-Yokado's retail operations.

In 1972, Ito approached the Southland Corporation about the possibility of opening Seven-Eleven convenience stores in Japan. Southland agreed in 1973 to a licensing agreement and gave Ito exclusive rights throughout Japan. This new concept was an immediate hit in Japan, and Seven-Eleven Japan experienced tremendous growth. By 1979, there were 591 Seven-Eleven stores in Japan; by 1984, there were 2 001. Rapid growth continued, resulting in 16 086 stores by 2014. In 2005, Seven and I Holdings was established combining Seven-Eleven japan, Ito Yokado and Denny's Japan.

The convenience store sector was one of the few business areas that continued to grow during the prolonged slowdown in Japan toward the end of the twentieth century and the start of the twenty-first century. From 1991 to 2013 annual sales at convenience stores more than tripled (from 3 trillion to 10 trillion yen). Japan's convenience store sector gradually consolidated with larger players growing and smaller operators shutting down. In 2004, the top ten convenience store chains accounted for almost 90 percent of Japan's convenience stores. By 2013 consolidation had resulted in the top five chains accounting for more than 90 percent of convenience store sales in Japan.

Seven-Eleven Japan developed an extensive franchise network that included both company-owned stores and third -party owned franchises. To ensure efficiency, Seven-Eleven Japan based its fundamental network expansion policy on a market-concentration strategy. Entry into any new market was built around a cluster of 50 to 60 stores supported by a distribution centre. Such clustering gave Seven-Eleven Japan a high density market presence and allowed it to operate an efficient distribution system. Seven-Eleven Japan felt that its market-concentration strategy improved distribution efficiency, brand awareness, efficiency of franchise support services, and advertising effectiveness. It also served as an effective deterrent to competition.

By 2014, Seven-Eleven had stores in 42 of 47 of the prefectures (provinces) within Japan. Seven-Eleven franchises were highly sought after, with fewer than one of 100 applicants being awarded a franchise. The responsibilities of the two parties were as follows:

Seven-Eleven Japan responsibilities	**Franchise owner responsibilities**
• Develop supply and merchandise • Provide the ordering system • Pay for the system operation • Supply accounting services • Provide advertising • Install and remodel facilities • Pay 80 percent of utility costs	• Operate and manage store • Hire and pay staff • Order supplies • Maintain store appearance • Provide customer service

Seven-Eleven had more than 16 000 stores in Japan by January 2014. In 2004 Seven-Eleven Japan changed the standard size of new stores from 125 square metres to 150 square metres (significantly smaller than the size of most US 7-Eleven stores. In 2013, daily sales at a store averaged $6 528, which was almost twice the average at a US store.

Seven-Eleven Japan offered its stores a choice from a set of 5 000 SKUs. Each store carried about 3 000 SKUs on average, depending on local customer demand. Seven-Eleven Japan emphasised regional merchandising to cater precisely to local preferences. Each store carried food items, beverages, magazines, and consumer items such as soaps and detergents. The food items were classified into four broad categories:

(1) Chilled-temperature items, including sandwiches, delicatessen products and milk.

(2) Warm-temperature items, including box lunches, rice balls and fresh bread.

(3) Frozen items, including ice cream, frozen foods and ice cubes.

(4) Room temperature items, including canned foods, instant noodles and seasonings.

Processed food and fast food items were big sellers for the stores. By 2013, Seven-Eleven Japan had 171 daily production facilities and 158 distribution centres across Japan. Other products sold at Seven-Eleven stores included soft drinks, nutritional drinks, alcoholic beverages such as beer and wine, game software, music CDs and magazines. Seven-Eleven also focused on the number of original items that were available only at their stores. In 2004 original items accounted for 52 percent of total store sales. In 2007, Seven & I launched 'Seven Premium' private brand products for sale at its stores. By 2010 Seven premium offered 1 035 SKUs. Private brand products were sold across all store formats.

Besides products, Seven-Eleven Japan gradually added a variety of services that customers could obtain at its stores:

- In 1987 the first service offered was the in-store payment of Tokyo Electric Power bills. The company later expanded the set of utilities for which customers could pay their bills in the stores to include gas, insurance and telephone. The bill payment service attracted millions of customers every year.

- In 1994 Seven-Eleven Japan began accepting instalment payments on behalf of credit companies.
- It started selling ski-lift pass vouchers in 1994.
- In 1995 it began to accept payment for mail-order purchases. This was expanded to include Internet shopping in 1999.
- In 2000 a meal delivery service company, Seven-Meal Service was established to serve the aging Japanese population.
- Seven Bank was set up as the core operating company for financial services. By 2013 virtually every Seven-Eleven Japan store had an ATM installed, with Seven Bank having almost 18 000 ATMs. The company averaged 111 transactions per ATM per day.

Other services offered at stores include photocopying, ticket sales (including baseball games,

express buses and music concerts) and being a pick-up location for parcel delivery companies that did not leave the parcel if the customer was not at home. In 2010 the convenience stores also started offering some government services, such as providing certificates of residence. The major thrust for offering these services was to take advantage of the convenient locations of Seven=Eleven stores in Japan.

In 2000 Seven-Eleven Japan established 7dream.com, an e-commerce company. The goal was to exploit the existing distribution system and the fact that the stores were easily accessible to most Japanese. The stores served as drop-off and collection points for customers. In 2007 Seven-Eleven japan introduced “Otoriyose-bin” or Internet shopping. The service enabled customers to buy products that were typically not available at the retail stores. Customers could order on the Internet with both pick-up and payment at Seven-Eleven stores. No shipping fee was charged for this service. The company built Seven Net Shopping, its Internet site, aimed at combining the group’s stores and Internet services. In 2007 ‘nanaco’’ electronic money was offered in Seven-Eleven stores. The service allowed customers to prepay and use a card or cellular telephone to make payments. The service was offered as a convenience to customers making small purchases and was also a reward system. By 2013 21 million nanaco accounts had been issued.

From its start, Seven-Eleven Japan sought to simplify its operations by using advanced information technology. Seven-Eleven Japan attributed a significant part of its success to the Total Information System installed in every outlet and linked to headquarters, suppliers and the Seven-Eleven distribution centres. The information system allowed Seven-Eleven stores to better match supply and demand.

The Seven-Eleven distribution system tightly linked the entire supply chain for all product categories. All stores were given cut off times for breakfast, lunch and dinner ordering. When a store placed an order, it was immediately transmitted to the supplier as well as the distribution centre (DC). The supplier received orders from all Seven-Eleven stores and started production to fill the orders. The supplier then sent the orders by truck to the DC. Each store order was separated so the DC could easily assign it to the appropriate store truck using the order information it already had.

The key to store delivery was what Seven-Eleven called the *combined delivery system*. At the DC, deliveries of like products from different suppliers (e.g. milk and sandwiches) were directed into a single temperature-controlled truck. There were four categories of temperature-controlled trucks: frozen foods, chilled foods, room-temperature processed foods, and warm foods. Warm and chilled foods were delivered three times daily, whereas room-temperature products were delivered once a day. Frozen products were delivered three to seven times a week. Each truck made deliveries to multiple retail stores. The number of stores per truck depended on the sales volume. All deliveries were made during off-peak hours and were received using scanner terminals. The system worked on trust and did not require the delivery person to be present when the store personnel scanned in the delivery. That reduced the delivery time spent at each store.

This distribution system enabled Seven-Eleven to reduce the number of vehicles required for daily delivery service to each store, even though the delivery frequency of each item was quite high. In 1974 seventy vehicles visited each store every day. By 2006 only nine were necessary. This dramatically reduced delivery costs and enabled rapid delivery of a variety of fresh foods. By May 2013, Seven-Eleven Japan had a total of 171 daily production facilities throughout Japan that produced items that were distributed through 158 DCs that ensured rapid, reliable delivery. None of these DCs carried any inventory; they merely transferred inventory from supplier trucks to Seven-Eleven distribution trucks.

In 2013, Seven-Eleven's operating income of 224.9 billion yen positioned it as a leader not only of the convenience store sector but also of Japan's retail industry.

Adapted from Chopra S and Meindl P (2016) Supply Chain Management Strategy, Planning and Operation Sixth Edition Pearson

1.1 Seven-Eleven's supply chain strategy in Japan can be described as attempting to micro-match supply and demand using rapid replenishment. Discuss the risks associated with this choice. (12)

1.2 Evaluate what Seven-Eleven has done to support its supply chain strategy in Japan regarding facility location, inventory management, transportation and information infrastructure. (16)

1.3 Seven-Eleven does not allow direct store delivery in Japan but has all products flow through its distribution centre. Explain the benefits of this policy and consider whether direct store delivery would be more appropriate. (10)

1.4 Discuss the 7dream concept for Seven-Eleven Japan from a supply chain perspective. (8)

QUESTION TWO [24]

No matter how much effort is put into improving operations, there is always the risk that something unexpected or unusual will happen that could reverse much, if not all, of the improvement effort. One way of improving operations performance is by reducing the risk of failure (or of failure causing disruption) within the operation.

With reference to this:

2.1 Explain what risk management is in the context of improving operations performance. (4)

2.2 Assess the potential causes of and risks arising from failure. (8)

2.3 Discuss how failures can be prevented and how operations can mitigate the effects of failure. (12)

QUESTION THREE **[30]**

All operations, no matter how well managed, are capable of being improved.

3.1 Explain the importance of improvement in operations management. (8)

3.2 Discuss the key elements of operations improvement. (12)

3.3 Discuss any two approaches to managing improvement. (10)

END OF OPERATIONS AND SUPPLY CHAIN MANAGEMENT ASSIGNMENT

11.1.5 GLOBAL POLITICAL ECONOMY [100]

QUESTION ONE [50]

Read the following extract and answer the questions that follow:

Brexit: How can Africa benefit?

Africa may benefit from Brexit, but it must be through technological advancement and not through its commodities.

Finance ministers of the G20 grouping have just concluded a meeting in Chengdu, China. Discussions between Britain and China can be used as a roadmap for Africa as we look to benefit from the UK's recent vote to leave the European Union (EU).

Oil from Nigeria, Zambia's copper, Kenya's flower growers or South African wineries will all suffer if a recession follows the UK's exit from the EU. That is the common wisdom. However, African economies have been dealing with a slowdown in the Chinese economy and depressed prices for commodities.

At the G20 meeting, the English Chancellor of the Exchequer, Philip Hammond, began discussions with China on a free trade deal agreement, the first by a European nation with China.

While there is no guarantee that the new government in London will trigger an exit, the turmoil in international markets is a sign of concern. Hammond believes that beginning talks now with possible trading partners will stabilise the global economy.

As he told the BBC, "What we now need to do is get on with it in a way that minimises the economic impact on the UK economy in the short term and maximises the benefit in the long term.

"The mood music that I have heard here is very much that this will mean more opportunity for countries like China that are outside the European Union to do business with Britain," Hammond said.

Repercussions of Brexit

The global economy contracted by \$2-trillion (R28.7-trillion) on the morning of 24 June 2016, after British voters chose to leave by a slim margin. The dollar strengthened, and gold mining stock increased in value as investors looked for a safe haven for their money. South African miners AngloGold Ashanti and Gold Fields saw double digit gains as the price of gold increased to \$1,358 per ounce, its biggest increase since 2008.
The Brexit vote marked a historic shift in the United Kingdom's trade relationship with the world. For countries who trade with the EU or the United Kingdom, these are uncharted waters.

Douglas Rowling, a vice president at ratings agency Moody's, wrote: "The next few months will likely be bumpy for the gold and currency markets as Brexit effects materialise. AngloGold Ashanti and Gold Fields' credit profiles remain well positioned to accommodate any volatility over this period given their deep liquidity sources and strong credit metrics."

Most economists predict a recession if the UK triggers Article 50 of the Lisbon Treaty, which allows a country to exit the EU. As European borders are closed to UK goods, and new tariffs are negotiated, Britain's trade with Europe will decrease and, if it can't find new markets, its economy will shrink.

During the Brexit referendum the Vote Leave campaign emphasised that trade with the rest of Europe had grown by 3,6% a year since 1999, but trade with other partners (especially China) grows by 6% every year.

"One thing that will change if we vote leave is that we will be able to forge trade deals with the economic powerhouses of the future – the emerging markets – which we are currently forbidden from doing by the EU." said Matthew Elliott, chief executive of the Vote Leave campaign. "That's why we will not only be stronger and more secure if we vote to leave the EU, we will also be more prosperous."

Africa can Benefit from Brexit

In June, Pravin Gordhan, South Africa's finance minister, said, "the volatility and uncertainty (of Brexit) could have a serious impact on us as a country."
Britain's exit from the EU would mean that all trade deals and aid agreements would have to be renegotiated. It is too early to predict how Africa would benefit, but African governments have a strong hand to play when negotiations begin.

It will take at least two years for the UK to exit the common European market and longer for the full economic impact to ripple through the market. What matters now is that Africa makes a place for itself at the table as deals are negotiated.

When Britain joined the European Economic Union in the 1973, African countries in the Commonwealth were given preferential trading agreements with the EU because of their relationship to Britain.

For the UK and its African Commonwealth partners stronger trade relationships are mutually beneficial. British officials have suggested that African farmers could benefit in any new trade deal with the UK because they could sell their produce at rates that would be attractive to the UK market. For Kenya and South Africa, whose roses and wine are popular in the UK, Brexit could mean an end to the Common Agricultural Policy (CAP).

The policy allows subsidised European farmers to dump goods in Africa while imposing tariffs to prevent equitable trade in the other direction. With more than 60% of Africa's economically active population working in agriculture, the subsidies take an important toll on the livelihoods of a majority of Africans.

Re-negotiating trade deals would have another important benefit. The CAP and the Cotonou Agreement (which binds the EU with 48 sub-Saharan countries on shared rules in development co-operation, politics, and trade) has, according to Calestous

Juma, Professor of the Practice of International Development at Harvard, suppressed "technological innovation and industrial development among African countries".
Juma has argued that the belief Africa will suffer from the fallout from a Brexit is based on the outdated view of Africa as a source of commodities. Africa, he contends is building a future tied less to commodity exports and more on technological advancement. "When Africa's potential for innovation and entrepreneurship is taken into account, a long-term perspective indicates a much brighter future."

When the African Union (AU) adopted Agenda 2063, one of its aims was to build learning economies across the continent. Agenda 2063 and the Science, Technology, and Innovation Strategy for Africa, adopted by the AU in 2014, is a roadmap for building a diverse education and innovation driven continental economy.

In June this year the EU signed an Economic Partnership Agreement with South Africa, Botswana, Lesotho, Mozambique, Namibia and Swaziland. These SADC partners have increased trade with the EU from R151-billion in 2011 to R216-billion in 2015. While this agreement still needs to be ratified by the EU and the SADC countries, the African trading bloc would gain preferred access for sugar, ethanol and wines.
African leaders understand that working as an AU trading bloc, the continent could negotiate better deals. Strategically, it would be in Africa's interest to seek access to the larger and more diverse European market.

Working together as a bloc will become easier once the AU concludes its Continental Free Trade Area (CFTA) negotiations in 2017. The CFTA agreements, when signed, will remove trade barriers between African nations and increase intra-African trade, allow for free movement of people and boost investment in infrastructure. It will create a $3-trillion-dollar market with a population of 1 billion people that should reshape Africa's trade relationship with the world.
Negotiating as a bloc would strengthen Africa's position. Or as Michael Froman, a US trade representative, pointed out when talking about Britain. "We have no FTA (Free Trade Agreement) with the UK so they would be subject to the same tariffs – and other

trade-related measures – as China, or Brazil or India. We're not particularly in the market for FTAs with individual countries. We're building platforms…that other countries can join over time."

Before Britain voted to leave, the UK Minister for Africa, James Duddridge, told a French reporter that a Brexit would allow the UK to focus, "more on our bilateral relationships with Africa".

In a globalised economy, Britain needs to act quickly to duplicate the trade agreements they will lose should they actually leave the EU. Africa's Commonwealth partners could benefit but this is also a "blood in the streets opportunity".
Africa wields the power of being in the right place at the right time. The continent has a unique opportunity to demand an equitable share of global trade. Or as Warren Buffet once put it, this is the time to be, "greedy when others are fearful".

(Source:https://www.brandsouthafrica.com/investments-immigration/brexit-how-can-africa-benefit

1.1 Taking into consideration the benefits associated with regional integration, critically evaluate the effects of UK's decision to exit the Eurozone . (10)

1.2 Critically discuss the importance of Britain investing in Africa for the UK and for African countries. (10)

1.3 Explain, in context of the article, how Africa can benefit from the UK leaving the EU. (10)

1.4 Differentiate between the motivating factors for regional integration for developed nations such as the UK and developing nations such as the African countries. (20)

QUESTION TWO **[28]**

Read the extract below and answer the questions that follow:

China, Brics push to shift world order amid trade threats

The Brics nations said they want a fairer, more representative global order in diplomacy and trade. Brazil, Russia, India, China and South Africa, representing about 40% of the world's population and almost a quarter of its output, think it's time for a change in how things are done. After a three-day summit in Johannesburg, the Brics nations said they want a fairer, more representative global order in diplomacy and trade just as China, the biggest member, faces billions of dollars of extra US tariffs. They also seek reforms at the United Nations, the UN Security Council and the International Monetary Fund to better represent developing nations, and have asked that members of the World Trade Organisation — including the US — abide by WTO rules as the multilateral trading system faces "unprecedented challenges." "They're not only re-balancing the current global order, but contesting that order," Lyal White, senior director of the Johannesburg Business School at the University of Johannesburg, said by phone Friday. "Each of these countries can't do that on their own, but together they're a force to be reckoned with. This is a decisive but progressive shift."Driving the call for multilateralism in trade at the summit was Chinese President Xi Jinping, whose US counterpart Donald Trump escalated trade tensions by threatening to impose tariffs on every one of the Asian economy's exports. That could derail a global upswing that's already losing momentum amid weaker-than-expected economic growth in Europe and Japan as financial markets seem complacent to the mounting risks, the International Monetary Fund warned July 16.

‘Under attack’

Brics “took a firm stance against protectionism,” South African President Cyril Ramaphosa told reporters at the end of the summit on Friday. “We felt we need to do everything we can to strengthen the multilateral trade system which is now under attack. There are many attempts to weaken it.”

The members are sovereign nations and would never be pressured into taking sides, he said. “None of us, as part of Brics, will ever accept the fact that we should be told who our friends should be and who our enemies should be.”

The annual gathering of the coterie of emerging economic powers, first identified by former Goldman Sachs Asset Management chairman Jim O’Neill, is the 10th since its leaders started meeting and the first since the prospect of a full-blown global trade war became a real threat.

EM coalition “The Brics summit has been extremely successful for China in terms of building a coalition of emerging markets that seek to defend the current multilateral trade regime,” Martyn Davies, managing director for emerging markets and Africa at Deloitte, said by phone. “What we have seen is the development of an agenda for these countries, because there’s never been an agenda before. We’ve never seen Brics talking about liberalised trade as a grouping or as a coalition, but now trade is front and foremost.”

Russia is pushing for better business ties between counterparts in the club, President Vladimir Putin said. All countries committed to strengthen their cooperation in energy and developing new technologies.

China pledged $14.7 billion in investment in South Africa, including loans to its state power utility and Logistics Company. The commitments are the biggest yet from the Asian nation to South Africa, whose electricity producer is cash-strapped as it cleans up governance issues.

Global rules

“Are you going to say no to investment and loans that are sorely needed?” said White. “China is going to become the most dominant economy in the world. These are the rules of the game globally – South Africa has to learn how to play.”

China benefited significantly from joining a multilateral, regulated liberalized regime when it became part of the WTO in 2001, Davies said.

"The major component of China's growth has been dependent on exports — of course it's going to defend that and to bring other countries along," he said. "It's making the point by creating these coalitions in the Brics directed against the belligerence and erratic nature of US trade policy."

(Source: https://www.bloomberg.com/news/articles/2018-07-27/china-brics-push-to-shift-world-order-amid-trump-trade-threats)

2.1 *"Driving the call for multilateralism in trade at the summit was Chinese President Xi Jinping, whose US counterpart Donald Trump escalated trade tensions by threatening to impose tariffs on every one of the Asian economy's exports".*

Discuss possible reasons for intervention in international trade by Donald Trump. (16)

2.2 "*Brics "took a firm stance against protectionism," South African President Cyril Ramaphosa told reporters at the end of the summit on Friday".*

In light of the above statement, explain why BRICS would take a stance against protectionism. (12)

QUESTION THREE **[22]**

Read the extract below and answer the questions that follow:

Is a new global payment system possible?

The US is using the economic order and financial architecture it established after World War II to economically dominate the world and, since the election of Donald Trump as president, it continues to use its economic and political power to threaten countries through the dollar and the international monetary system.

In other words, it built an unjust order and it is using this order to punish in its own way. As a matter of fact, it is doing this in spite of the Western countries with which it established this system, threatening them as well. Frankly, predicting that this order will not last much longer, the US is trying to continue this by using all the opportunities it has.

Well, is this global order sustainable?

Many Western countries, primarily those that fall in the category of developing countries, openly express that they are not happy with the current course of events.

The US's trade wars and its threat on countries' economies through the dollar have triggered the developing countries among the G20, namely China, Russia and Turkey - which are the new actors of the global economy - to speed up efforts to stop using the dollar in trade and to develop an alternative payment system.

Meanwhile, the trade wars, as well as the threat to impose sanctions on countries that are not willing to withdraw from the nuclear deal with Iran have caused a commotion in Europe. EU countries are now calling for a global payment system independent from the US.

Because, despite EU countries unwillingness to fulfil the US's every wish, major EU companies have no choice but to abide by these sanctions and, as a result, are left to deal with great costs economically.

As the US is imposing trade sanctions, it is also disciplining countries with the dollar, thus, having the ability to exclude these countries through its financial system.

Most recently, it was the German foreign minister who stated that this situation is highly disturbing and expressed the necessity of establishing a "European Monetary Fund" and an independent SWIFT system (an electronic fund transfer standard in foreign exchange) that leaves the US out.

This outburst is nothing other than an open expression of the significance of Europe strengthening its independence, both economically and politically. As a matter of fact, this outburst should be identified as a step to trigger an alternative system, as well as the redesign of the economic system that was established just after World War II.

Why is a new payment system necessary?

The US-led global finance system does not consist of trade using the dollar alone - so it does not consist of reserve currency.

When money transfers between all banks worldwide are made using the SWIFT system and in dollars, all the transfers automatically need to pass through the US.

Taking advantage of this, the US monitors all the money transferals made between countries and in its own way, thinks it has a right to intervene in the transfers. We saw in the past how, during its sanctions on Iran, the US had Iranian banks removed from the international banking system, while the money of individuals and companies was seized.

Thus, even though the fundamental reason underlying trade with local currencies in the recent period is to reduce dollar-dependency, the other reason is to prevent the US's unjust interventions on any likely money transferals and sanctions on countries.
Therefore, trade using local currencies, a new money transfer system and new institutions will cause the economic system established under US leadership to crack and accelerate the formation of a new financial architecture.

(Source: https://www.yenisafak.com/en/columns/erdaltanaskaragol/is-a-new-global-payment-system-possible-2046595)

3.1 In context of the article, explain how the "US continues to use its economic and political power to threaten countries through the dollar and the international monetary system". (10)

3.2 *"As the US is imposing trade sanctions, it is also disciplining countries with the dollar, thus, having the ability to exclude these countries through its financial system".*

Highlight the possible trade sanctions that could be imposed by the US. (12)

END OF GLOBAL POLITICAL ECONOMY ASSIGNMENT

12. ASSIGNMENT QUESTIONS: SEMESTER TWO (JANUARY – JUNE 2020)

12.2.1 ACCOUNTING AND FINANCE [100]

QUESTION ONE [20]

REQUIRED

Study the information provided below and answer the following questions:

1.1 Calculate the Payback Period of Machine Ati (answer expressed in years, months and days). (3)

1.2 Use the Net Present Value technique to determine the machine that should be selected by the Nika Limited. (7)

1.3 Calculate the Accounting Rate of Return of Machine Ati (answer expressed to two decimal places). (5)

INFORMATION

Nika Limited has the choice of purchasing one of two machines viz. Machine Ati or Machine Ude. Both machines have a five-year life. The annual revenues from each machine are estimated at R 2 000 000.

Machine Ati costs R4 500 000. Its annual cash operating costs are estimated at

R680 000. **Machine Ati** is not expected to have a scrap value.

Machine Ude costs R4 500 000. Its annual cash operating costs are estimated at

R700 000. The scrap value of this machine is estimated to be R200 000.

Depreciation amounts to R900 000 per year for Machine Ati and R860 000 for Machine Ude. The cost of capital may be assumed to be **14%**.

REQUIRED

1.4 Calculate the project's Internal Rate of Return (IRR). (Round off your answer to two decimal places. (5)

INFORMATION

The owner of Ongwedi Enterprises was approached by a local dealer in air conditioning units. The dealer proposed replacing the old cooling system of Ongwedi Enterprises with a modern, more efficient system. The cost of the new system was quoted at R300 000, but it would save R62 000 per year in electricity costs. The estimated life of the new system is 10 years, with no salvage value expected. All capital projects are required to earn at least the firm's cost of capital, which is **12%**.

QUESTION TWO [20]

REQUIRED

2.1 Study the information given below and advise Noda Enterprises whether they should accept the special order or not. Motivate your answer with the relevant calculations. (5)

INFORMATION

Noda Enterprises manufactures and sells study guides for learners at schools. The selling price of each study guide is R120. The company's current output is 6 000 units per month, which represents 75% of the company's production capacity of 8 000 units. The Gauteng Department of Education offered to buy 2 000 study guides as a special order at R70 each to provide to indigent learners. Fixed costs for the month amount to R210 000 and variable costs amount to R366 000.

REQUIRED

2.2 Use the information given below to prepare the production budget for January, February and March 2020. (9)

INFORMATION

Hibe Limited's sales forecast for the first four months of 2020 indicates the following in respect of Product L:

Month	**Units**
January	40 000
February	50 000
March	55 000
April	62 000

The company's policy is to maintain an inventory at the end of each month equal to 30% of the next month's sales.

2.3 Explain THREE (3) advantages of budgets to business entities. (6)

QUESTION THREE **[20]**

REQUIRED
Use the information given below to answer the following questions independently:

3.1 How many units must be sold in order to break even (4)

3.2 Calculate the margin of safety as a percentage. (4)

3.3 Determine the sales quantity required in order to achieve the company's profit objective of R1 800 000. (4)

3.4 Calculate the total Contribution Margin and Net Profit/Loss, if the sales volume is 5% less than expected. (4)

3.5 Suppose the marketing manager proposes that the selling price be increased to R198 per unit. Calculate the amount by which fixed costs must decrease in order to achieve the company's profit objective of R1 800 000, if 50 000 units are sold. (4)

INFORMATION

Agta Enterprises manufactures a product that sells for R180 each. The company presently produces and sells 50 000 units per year. Unit variable manufacturing and selling expenses are R90 and R18 respectively. Annual fixed costs are R2 200 000 for manufacturing overheads and

R1 040 000 for selling and administrative activities.

QUESTION FOUR **[20]**

REQUIRED:

Calculate and comment on the following ratios (where applicable round off answers to two decimal places):

4.1.1 Gross margin (3)

4.1.2 Current ratio (3)

4.1.3 Acid-test ratio (4)

4.1.4 Debtors collection period (3)

4.1.5 Inventory turnover (4)

4.1.6 Return on assets (3)

INFORMATION:

Caht Enterprises

Extract from the Statement of Comprehensive Income for the year ended 31 March 2019

	R
Sales (all credit)	610 000
Gross profit	390 000
Operating profit	170 000
Interest expense	17 000
Profit before tax	153 000
Net profit after tax	110 000

Extract of the Statement of Financial Position as at 31 March 2019

	R	R
Assets		
Non –current assets		700 000
Current assets		340 000
Inventory	70 000	
Debtors	150 000	
Bank	120 000	
		1 040 000
Equity and Liabilities		
Owners' equity		600 000
Non-current liabilities		300 000
Current liabilities		140 000
		1 040 000

QUESTION FIVE **[20]**

REQUIRED

In light of the information provided below, answer the following questions:

5.1 Explain how the preparation of a statement of cash flows could assist in cash management. (10)

5.2 Suggest FIVE (5) strategies that may be used to reduce the duration of cash conversion cycles. (10)

INFORMATION

Business analysts report that poor management is the main reason for business failure. Poor cash management is probably the most frequent stumbling block for entrepreneurs. Understanding the basic concepts of cash flow will help one plan for the unforeseen eventualities that nearly every business faces. It is also important for entrepreneurs to keep the duration of their cash conversion cycles as low as possible.

END OF ACCOUNTING AND FINANCE ASSIGNMENT

12.2.2 STRATEGIC AND CHANGE MANAGEMENT [100]

QUESTION ONE **[60]**

Read the following article and answer the questions that follow

Can SA's new challenger banks knock out the 'big four'?

For two decades, SA's banking sector has remained largely the same. The advent of Capitec, in 2001, showed that customers were desperate for something different. Now, three new banks — all backed by powerful SA business personalities — are opening their digital doors, offering something entirely different. So what can they offer that's new, and how much of a threat is this for the 'big four' banks?

28 MARCH 2019 STEPHEN CRANSTON

Financial services used to change slowly. Twenty years after Douw Steyn launched the direct-to-consumer insurer Auto & General in 1985, insurance was still largely sold through brokers, and index funds still accounted for a tiny portion of investment assets.

Banking changed even more slowly. More than 25 years after the launch of the internet, most banks still distribute a large portion of their products through a branch network. These branches will still be perfectly recognisable to anyone visiting SA for the first time in 30 years. None of the big banks will rock the boat; they want to protect their collective income. That era has come to an end. In the past few months, three new banks have launched with a leaner, cheaper business model that will change the face of SA banking — Discovery Bank, TymeBank and Bank Zero.

It's been a long time coming. After Saambou and Fidelity Bank collapsed in the early 2000s, the SA Reserve Bank was for a long time reluctant to let new banks open. But these three new banks are backed by formidable business personalities with deep pockets.

Discovery Bank is part of the wider group run by CEO Adrian Gore, which began as a health-care company in 1993. Discovery boasts Remgro associate Rand Merchant Investments (RMI) as its anchor shareholder.

Tyme Bank is controlled by African Rainbow Capital (ARC), an investment company controlled by the eclectic Ubuntu-Botho group headed by Patrice Motsepe. As the Forbes rich list has it, Motsepe is one of the 1,000 wealthiest individuals in the world, with a fortune of $2.4bn. Before it was bought by Motsepe's company, TymeBank was owned by the Commonwealth Bank of Australia (CBA), one of the world's top 10 retail banks.

As for Bank Zero, the most entrepreneurially based of the three, it shows how far the Reserve Bank has come that it got the green light. Bank Zero is run by a maverick group of former FNB executives, most of them with strong technology backgrounds, with a few family and friends as shareholders. The chair and figurehead is the former FNB boss Michael Jordaan, based in Stellenbosch.

Somewhat ironically, Jordaan is Motsepe's partner in the data-only telecom network Rain. The Bank Zero CEO, Yatin Narsai (former head of FNB retail), runs the business day-to-day from Bryanston.

Discussing the rationale for the bank in an interview with the *FM*, Narsai says SA ranks among the five countries with the highest bank fees in the world. "This is intolerable in such an unequal society, but then the rest of the bottom five were similarly unequal countries in Latin America," he says.

No-one can ignore the competitive threat of cheap banking. Narsai says he personally will save R2 000 a month from his personal and business accounts, when Bank Zero goes live and he can move accounts. "Low fees will become the new normal and I hope that penalty fees will disappear altogether," he says.

The question, however, is what the existing big four banks — FNB, Standard Bank, Absa and Nedbank — will do to counter the threat. "The big banks ignored Capitec in the early 2000s," says Louis Chetty, head of financials at Stanlib, "and lost considerable market share. I am sure they will not make the same mistake again."

Capitec has more than 10-million customers, who will have been enticed, in part, by the much lower cost of banking. And yet the big four still have 83% of all bank deposits in the country and 92% of all mortgages, which shows how concentrated the market still is.

Harry Botha, a banks analyst at Avior Capital, says it could take three to five years for the challenger banks to make material inroads into the large banks' earnings.

Discovery, TymeBank and Bank Zero are pursuing a branchless model, with their apps being their shop window. This means SA isn't far behind the rest of the world: the first app-only current account in the UK was introduced by Starling Bank just two years ago. Perhaps if the Reserve Bank had been more open-minded, SA could have beaten them to the punch.

But, globally, this is the trend. No-one should have been surprised by Standard Bank's announcement two weeks ago that it was closing up to 15% of its branch network — or 91 branches. Botha says Standard's natural market share has fallen thanks to the success of Capitec and FNB, in different parts of its client base.

Standard Bank CEO Sim Tshabalala called it "realigning the retail and business banking model to the changing needs of customers". And, of course, the convenience of digital banking makes so much more sense than travelling to a branch and queuing.

BANK CHARGES COMPARED

	Tyme Bank	Absa: Transact account	FNB: Easy account	Standard Bank: Access account	Capitec	Nedbank: Pay-as-you-use	Discovery
Cost per month	Free	R5.30	R5.75	R5.60	R5	R5.50	R5
Cost per withdrawal at own ATM	Free at Pick n Pay and Boxer stores	R6.50	R1.90 per R100 (Free at Checkers, Shoprite, Pick n Pay and Boxer stores	R1.85 per R100	R6 per R1,000 (R1 at Pick n Pay, Shoprite, Checkers and Boxer Stores	R7	N/A - has no ATMs
Cash withdrawal at external ATM	R8 per R1,000	R7.50 + R1.50 per R100	R9 + R1.90 per R100	R9 + R1.85 per R100	R8 per R100	R8 + R2.00 per R100	R8 per R1,000
External debit order	R2	R3.80	R3.75	R5.50	Free	R5.50	R3.75
Cash deposit at ATM	R4 only at Pick n Pay Boxer stores	R4.50 + R1.50 per R100	R0.95 per R100	R1.65 per R100	R1 per R100	R1 per R100	R1 per R100
Payment to another bank	R2	R2.50	R3.75	R1.65 per R100	R1 online R6 in branch	R2.20	R2.20
SMS notification	Free	R0.60	R0.40	R1.25	R0.40	R1.10	R1.10

Bank Zero, yet to be launched, has not disclosed its fees

Source: Business Insider

TymeBank chair Coen Jonker tells the *FM*: "The banks have done their best to protect their legacy income streams for years, and the transactional fees on simply taking money in and out of accounts is the hardest to justify. As new banks we won't have that legacy to defend."

The big four banks have long operated as if they were an informal cartel. Even the one entrant in the past 20 years to grow to large-bank status, Capitec, has adopted a traditional branch-based distribution model.

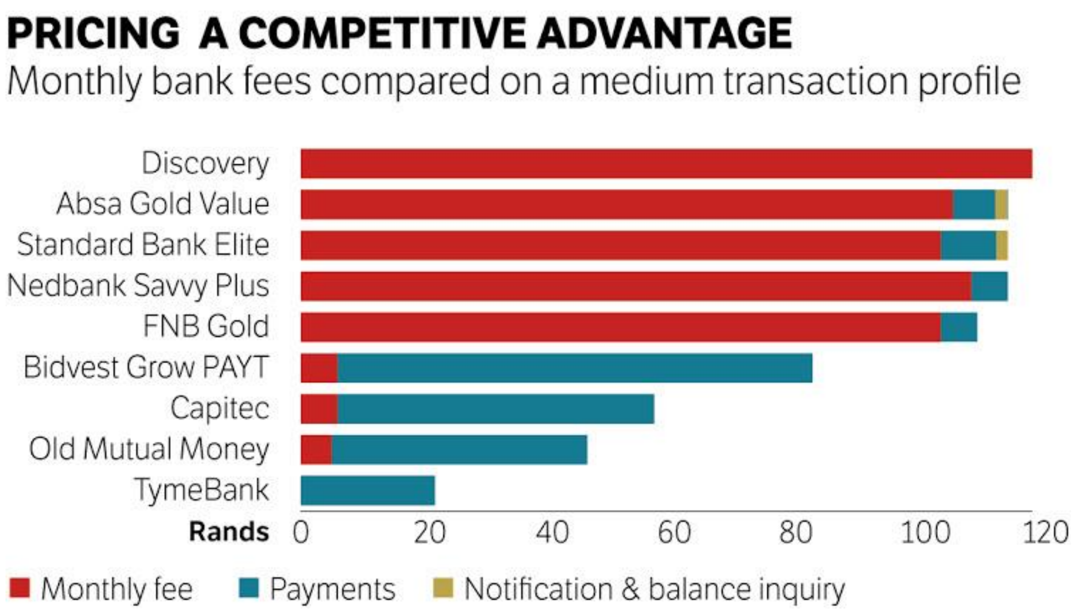
Only Investec has operated without branches — but to a narrow spectrum of high net worth clients. To see what sort of riches are up for grabs, consider Capitec's trajectory. In its first year on the JSE in 2002, Capitec made revenue of R270m, with just a smattering of clients. By August 2018, it was clocking up R9.3bn in operating income with its 10.5-million customers. Its share price has reacted accordingly: R10 000 invested in the bank at the beginning would now be worth R7.2m.

Fees were a big part of this success. Capitec has a nominal monthly fee of R5, with R1 charged for each digital transaction. Cash withdrawals are more expensive at R6 for the first R1 000 at a Capitec ATM, or a flat R1.60 at till points of retailers like Pick n Pay or Shoprite. As many of Capitec's transactional clients earn interest of 5% on their deposits, they often get more money coming in than they pay in fees.

These new banks would appear, in part, to be targeting that market. However, Chetty says clients who have a loan with Capitec are unlikely to move their transactional accounts to the new banks in a hurry. "Banking will never be free," says Capitec CEO Gerrie Fourie in an interview with the *FM*. "Even at Capitec, we have a high fixed-cost base."

Interestingly, Capitec is the only bank that is actually increasing its branch footprint, even though 2.2-million clients have migrated to the app and 4-million to the USSD (SMS-based) transactional platform.

At the moment, Capitec has 840 branches, though many are smaller than those of the big banks. The branches have proven invaluable as the predominant sales point for the half-a-million Sanlam funeral policies sold through Capitec over the past year.



Avior's Botha says SA is still a long way from a zero-fee banking regime, even among the new entrants. But fixed monthly fees and charges for electronic transactions could come to an end sooner rather than later.

Discovery Bank will charge both sets of fees — at least for now.

Gore says banks operate on three legs: fees, interest and rewards. Some banks (like Capitec and the other newcomers) will offer competitive fees and attractive interest rates on accounts but no rewards programme; while the large banks pay little or no interest on current accounts but have decent rewards programmes.

Gore says Discovery will not attempt to beat the market on fees, for a combined current account and credit card.

Discovery Bank's lower-income clients (those earning less than R300,000 a year) will pay between R149 and R186 a month in fees; middle-income customers will pay between R213 and R240; and higher-income clients will pay between R275 and R440. For a pure transactional account the fee will be R60 to R120, but as Discovery has no ATMs, cash withdrawal fees will be higher.

But if it won't compete on fees, Discovery Bank will be second to none with its Vitality Money rewards programme, and the sophisticated way in which it encourages the right financial behaviour.

Discovery Bank will match Capitec's 5% interest rate on positive current account, and add an extra 1.5% for those in the top tier of the Vitality programme.

The three new banks are not just aiming for the tech-savvy. TymeBank's former parent, CBA, has a larger market cap than the entire SA banking sector, though it took a softly-softly approach to the new bank. Even before Tyme was registered, it offered money transfer services from Pick n Pay.

Though Tyme doesn't have any of its own branches, it will have 750 points of sale through Pick n Pay and Boxer stores. This gives it reach into the main urban areas, as well as the rural areas where few banking services are typically available. Boxer customers are more likely to be unbanked, so could prove the most fertile hunting ground for Tyme.

Most transactions are free if carried out at Pick n Pay or Boxer, and cost only R2 if done elsewhere, and the bank pays up to 10% interest on positive balances. TymeBank has such low costs because it is cloud-based and highly scalable, and has minimised the bells and whistles. Incredibly, there are just 125 staff keeping the bank running. Clients can join through the TymeBank website, but by far the most popular recruitment tool has been self-service kiosks, which provide a new card within five minutes.

CEO Sandile Shabalala says the bank will start offering loans next year. It plans to offer keener lending rates because, like Capitec, it will be able to cross-subsidise its transaction and deposit books from its loan income. The tipping point for Tyme, at which it becomes profitable, is 2-million customers and 700,000 loans.

It is almost an accident that Motsepe's ARC took full control of the bank after CBA pulled out suddenly to retreat to its home market and cut exposure to emerging markets.

Johan van Zyl, the co-CEO of ARC (and chair of Sanlam) says he was pleased CBA was the controlling shareholder while the bank was being registered because it is a bureaucratic, by-the-book organisation with huge experience of banking regulation.

"We would like to bring in an equity partner as we prefer to hold minority positions in companies, not the 73% we currently hold, but it is not an imperative," he says.

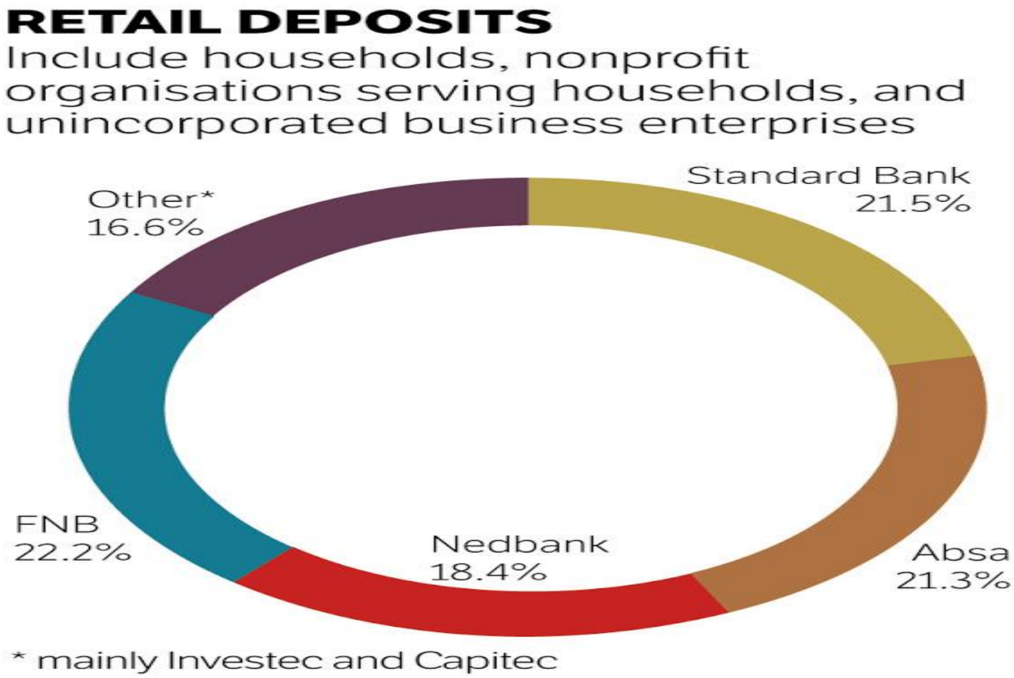
Van Zyl says the Reserve Bank does not want TymeBank to become a Sanlam group company as it wants to keep banks and insurers as separate as possible. TymeBank, he says, will ride the wave away from cash transactions to digital payments.

"We expect the amount of cash in the system to be cut back by two-thirds over the next three years. Increasingly shareholders in the Ubuntu-Botho group find carrying cash dangerous. We were able to issue 1-million cards to members of the Zion Christian Church to facilitate cashless transactions," he says.

For now though, Pick n Pay stores are more than happy to offer excess cash to TymeBank customers at no charge. The retailer's deputy CEO, Richard van Rensburg, says Capitec also recommends its customers draw money at Pick n Pay tills because it is far cheaper than using an ATM. And a central feature of TymeBank is its access to the information gathered by Pick n Pay on the 11-million members of its Smart Shopper programme, which provides rewards points on all purchases, not just at Pick n Pay. And unlike Discovery, that benefit is not confined to healthy foods. In a much less judgmental way, all purchases qualify.

You might have expected Pick n Pay to have cold feet after the failure of its Go Banking venture with Nedbank in the mid-2000s. But Van Rensburg argues that Go Banking offered similar services to Nedbank, whereas TymeBank has developed products exclusively for digital clients. He says he would not try to set up a bank as a subsidiary of a retailer again, but an alliance between a retailer and a bank makes sense.

Pick n Pay CEO Richard Brasher is also the founder of Tesco Bank, which is owned by the UK's largest supermarket chain.



Motsepe and his team are facing some other strong personalities over at Bank Zero. Jordaan may just be the nonexecutive chair of Bank Zero, but with his deep knowledge of new technologies, the market seems confident that his bank will be impressive from the start.

Narsai, as head of FNB retail, is even more deeply entrenched in IT than Jordaan. "I am impressed that TymeBank has signed up 120,000 customers in a few months," he says. "[It shows] there is pent-up demand for a good-value, no-frills bank account. But we will be offering considerably more sophisticated functionality."

Other FNB renegades at Bank Zero are chief risk officer Lezanne Human (who also moonlights as the informal head of public affairs), and co-founder and CFO Liné Wiid. Bank Zero, as a mutual bank, will focus on deposits and transactional banking and will not offer loans for the foreseeable future.

"The intention is to keep capital as lean as possible, and considerable capital is needed to roll out loans," says Narsai. It will also focus on the business banking market, where margins are still chunky.

Narsai promises a "creative" solution for clients who might go modestly into the red. But he also hopes to nurture a savings culture through attractive interest rates. Initially, the team had planned to focus on high-margin areas, particularly remittances from neighbouring countries, but they soon realised they had the capability to launch a full-service bank.

Jordaan tells the *FM* that Bank Zero, launching in the second half of 2019, will make money through the interest it charges, fees on third-party transactions and commissions on prepaid products such as airtime. "But with our low break-even you can expect lots of zeros where other banks charge fees," says Jordaan.

Mark Elliott, president of Mastercard Southern Africa, says he is working with Bank Zero to develop a new kind of card that can deliver better security, which is appropriate for today's increasingly mobile and digital customers.

Bank Zero also keeps costs down by using the cloud, but the heart of the business will be its IBM LinuxOne enterprise server, which uses (free) open-source software. Perhaps Bank Zero's most serious competitor, at least in the small to medium business sector, could be Mercantile, once it is revitalised under Capitec's ownership.

Narsai says most banks opt for off-the-shelf IT systems, where both the risk and capital requirements are significant. Bank IT managers naturally gravitate towards packages conforming to past norms, which tend to create a "me too" starting point.

"We have preferred to build our platform to clearly defined bank specifications. We are very comfortable doing this with our deep expertise. And we can design from the ground up for today's issues such as regulation and cybercrime," he says.

Capitec's Fourie warns, however, that while new fintech technology providers might be adding value, they fall short on two issues — handling volume and maintaining security. It'll be interesting to see how Bank Zero navigates this.

For Jordaan, it's a natural evolution. Now living in Stellenbosch, he became CEO of FNB when he was just 36, creating an institution that grabbed plaudits as "the world's most innovative bank" in 2012.

He says he thrived in the entrepreneurial FirstRand culture fostered by the three founders — GT Ferreira, Laurie Dippenaar and Paul Harris — who embraced start-up ventures such as Discovery and Outsurance. This inspired him to become a backer of small business.

Jordaan left FNB in 2013, because he says 10 years of commuting from Stellenbosch to Johannesburg was enough. There was no love lost between him and Discovery (another FirstRand subsidiary at the time), which he called the enfant terrible of the group and a disrupter, in the days when that was still a swear word.

Jordaan says all the Bank Zero shareholders are active as executives or active directors, with skin in the game.

"Without a big corporate shareholder, we can take a much longer-term view," he says. "We have a cohesive strategy to bring significant customer benefits without the pressure to produce short-term profits."

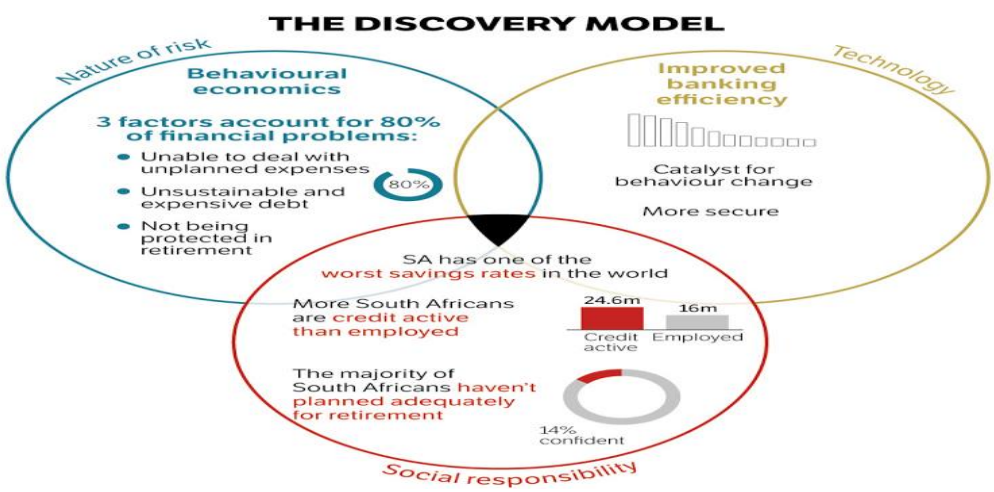
Mutual banks might have a bad name after the collapse of VBS last year under a mountain of fraud, but one of the benefits of the structure is that it allows customers to become shareholders.

If Bank Zero's model is simple, Discovery Bank's is the opposite.

The launch included a 70-page "thought leadership" document with chapters on such warm and fuzzy notions as "shared value", "behaviour change" and "people-centric" design. Still, Discovery Bank's CEO, Barry Hore, promises that the app will be simple to use, once clients get used to it. "It is multifunctional, a bank branch in the palm of the hand," he says.

Interesting features of its model include Discovery Pay, which allows clients to pay any other client without needing to register the person as a beneficiary. Pharmacy co-payments can also be automatically deducted from the bank account.

To date FNB has been the leading bank for innovative features, such as registering as a customer using a selfie from your phone. But Hore says the Discovery platform will ensure that bank customers never need to visit a branch, even to open an account, and from day one cardless capabilities such as Samsung Pay, Garmin Pay and FitBit Pay will be available.



The Discovery Bank app went live this week, and the first stage is to migrate former clients of Discovery Card (which was backed by the FNB platform) into the bank. It will necessarily be a slow process to avoid anything going wrong. But by June, the first 10,000 clients are expected to be onboard.

Discovery's advantage is that unlike the other two new banks, it is already a household brand. It also has a good chance of capturing the majority of its credit card clients (bought back from FNB) and a sizeable slice of its medical aid and insurance clients. Already, the group's Vitality programme has cult status among some, and if you believe their marketing, physically fit people are less likely to be financially irresponsible. And the ability to cross-sell was an important reason for setting up the bank in the first place.For those who are on the main Vitality Health programme (Discovery medical aid members or life policyholders), and who hold a Discovery bank account, there will be plenty of benefits. For example, those on the higher Vitality status can get free membership at Virgin Active or Planet Fitness gyms, while the discounts for flights on Kulula can be up to 75%. There are also cash-back rewards for healthy food at Woolworths and Pick n Pay.

Hore insists you don't have to be a gym bunny to get a good deal from the bank — people with no other Discovery product still get a 25% discount on fuel and healthy food. But these are the frills. Discovery has not yet revealed how it plans to recoup the considerable start-up costs. It has spent close to R4.5bn between developing the bank systems (which, like those of Standard Bank, are based on SAP products) and buying back the Discovery credit card from FNB. Gore says Discovery could not opt for a simpler cloud-based solution, as Tyme Bank has done, because its system needs to accommodate the complex links between the bank and its Vitality programme and the company's health, life, investment and insurance businesses.

This suggests it will take longer for Gore's bank to make a profit than either of its more nimble competitors, Bank Zero and TymeBank, and the marketing spend will be higher. Discovery estimates it could take five years to turn profitable. Gore says the bank has been built from the ground up with the latest technology and features — including the most advanced fingerprint and facial recognition systems — as well as the ability to add accounts with a few clicks. But he is pinning much hope on the behavioural approach and rewards system, which he believes is the differentiator.

Gore challenges the view, expressed by FirstRand CEO Alan Pullinger recently, that SA's banks already use a behavioural approach to assess the quality of their clients when it comes to risk. "We don't agree," says Gore. Most banks reward clients for taking out more products, which specifically increases their debt and credit levels, he says. This means there are now 8-million more credit-active consumers than employed people — a big risk to society.

"We don't push products, but encourage [customers] to follow key behaviour to secure financial health. They get the tools to help them through the Vitality Money programme," he says. Still, it's clear that Discovery Bank won't be matching the costs of TymeBank and Bank Zero item-for-item, at least for the average client. Instead, its sales proposition is to help clients achieve financial health and then reward them. Hore says it will set personalised goals based on an individual's circumstances, and will have a wider product range on day one than its rivals. Discovery will offer credit, transactional products and savings products.

The bank will also offer dynamic interest rates. This means that its best customers (not necessarily its richest), could pay 6% below the market rate for debt and earn 2% more for savings. Hore says Discovery's "shared value" approach is not meant to punish those who don't achieve perfection, but rather to nudge people to make better choices.

If the bank takes off as Gore expects, there is plenty of scope to export this model too. While Gore says the bank will start as a purely SA venture, he isn't ruling out exporting a banking version of the Vitality Shared Value model at a later point.

Discovery Bank might be branchless, but it will have a handful of hi-tech walk-in centres. It will rely heavily on its network of agents and brokers to push clients towards the bank.

This network of brokers and agents is something that TymeBank and Bank Zero don't have. While Bank Zero is entirely app based, Tyme at least enjoys some advertising through its black and yellow machines at Pick n Pay stores, and has started flighting prime-time TV adverts to lure clients. Chetty says Bank Zero needs to develop a brand and requires a professional marketing campaign to do it. None of the team has marketing experience except for Jordaan, and that won't be enough to build a brand — even with his Steve Jobs-style charisma.

While there's electricity in the air in the banking sector for the first time in years, it won't be a one-way bet. There is, after all, the cautionary tale of SA's first digital bank, 20Twenty, which launched in 2001 using Saambou as the backbone. 20Twenty never got to critical mass, with just 40,000 clients, and closed in 2006.

But the fact that TymeBank already has 120,000 clients is evidence that perhaps the time is now right. Narsai says that while 20Twenty had a huge marketing budget and a limited range of products, the architecture was quite primitive by today's standards and the benefit from lower fees was limited.

WHAT IT MEANS

Three new banks are set to change the face of SA banking with a leaner, cheaper business model

Back then, there were fewer smartphones (it was the age of BlackBerry) and the environment wasn't inherently as friendly for digital products as it is today. 20Twenty, for example, operated largely through a call centre, and the customer experience was often indifferent.

Though price alone might not be enough to propel the new banks into profit, they are launching at a time of considerable unhappiness over bank fees. It is easier than ever, through apps, to compare fees. Until now, none of the large banks has been prepared to jeopardise their lucrative income stream from transactional fees with a price war. But now they will have no choice.

Says Botha: "The big banks will cut fees, but only gradually — they need to cut costs first before they can afford to do so. "At least, in most cases, the big four banks still own the relationship with the customer and can persuade them to stay. Botha says they can be expected to increase their credit spreads on loans to make up for the lost fee income. Capitec is likely to be the least affected, says Chetty, given that it already has a competitive current account with low fees.

This means it will be the big four who will bear the brunt of the industry disruption. Already they're scrambling, introducing innovations like joining up with just a selfie. But they may have left it too late to ride the tsunami of change.

https://www.businesslive.co.za/fm/features/cover-story/2019-03-28-can-sas-new-challenger-banks-knock-out-the-big-four/

Questions:

1.1 Undertake a SWOT analysis of a challenger bank and a traditional 'big four' bank. (16)

1.2 "The big four banks have long operated as if they were an informal cartel".

Do you agree with this view? Justify your answer. (6)

1.3 Evaluate the business model of the challenger banks mentioned in the article. (12)

1.4 Critically discuss the 'entry' strategies of the challenger banks. (9)

1.5 "it will be the big four who will bear the brunt of the industry disruption".

About this view:

1.5.1 Discuss, with reasons, the strategies the 'big four' banks should adopt. (8)

1.5.2 Discuss the elements of change management that the 'big four' banks should undertake to counter the threat of the challenger banks. (9)

QUESTION TWO **[20]**

A strategy is a course of action to which valuable resources will be committed. The future of the organisation may be altered because of it; survival may be at risk. Strategy is implemented through the organisational architecture of an organisation.

With reference to this:

2.1 Discuss the reasons why strategy is crucial to an organisation and explain why strategic intent may be regarded as the first indispensable step in the strategic management process (8)

2.2 Discuss the relationship between organisational structure, control systems, incentives and culture regarding the implementation of strategy. (12)

QUESTION THREE **[20]**

"Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it…. Because it is good for our business"

(Niall Fitzgerald – Deputy Chairman of Thomson Reuters and former CEO of Unilever)

With reference to the above, critically discuss the business case for corporate social responsibility (CSR) and environmentally sustainable business practices.

END OF STRATEGIC AND CHANGE MANAGEMENT ASSIGNMENT

12.2.3 GOVERNANCE AND SUSTAINABILITY [100]

Answer all questions. Each topic must be thoroughly researched and presented in a scientific manner. Use the Harvard method of referencing.

QUESTION ONE [40]

Please read the case study and answer the questions that follow.

SOUTHWEST AIRLINES HIRES SERVICE-MINDED, FUN-LOVING INDIVIDUALS

Southwest Airlines began flying with just four planes in 1971 and has grown to employ more than 52,000. Based on the U.S. Department of Transportation's most recent data, Southwest Airlines is the nation's largest carrier in terms of originating domestic passengers boarded. The company has been profitable for 43 consecutive years, and its legendary culture is one of its greatest assets. Founder Herb Kelleher is credited with instilling the idea that happy employees create happy customers, and profitability follows.

With core values of a "Warrior Spirit," "Servant's Heart" and "Fun-LUVing Attitude," Southwest asks employees to embody hard work, perseverance, proactive customer service and light-hearted fun in everything they do. Managers are encouraged to hire for attitude and train for skill.

"Obviously, certain positions require specific skill sets, says Julie Weber, Vice President People at Southwest Airlines. "We're not going to hire a pilot who has a great attitude but can't fly a plane! But, if it comes down to two equally qualified candidates, the one with Southwest values will receive the offer. And, more importantly, when we're faced with a qualified candidate who doesn't have the right values, we won't make an offer – no matter how long the job has gone unfilled."

Southwest's culture of service thrives on appreciation, recognition, and celebration. The company works to appreciate every employee through local and companywide culture committees. Southwest employees take time to recognise each other through formal and informal ways, including internal awards and programs, such as the Winning Spirit Award. The company has several prestigious corporate awards employees can be nominated to receive, like the President's Award, and recognises service through milestone anniversary celebrations.

Celebrating is something that Southwest is known for—the company history is full of fun and creative events, and employees enjoy annual companywide celebrations such as Spirit Parties, Chili Cookoff, and Southwest Rallies. On top of company-sponsored events, employees enjoy participating in locally-hosted celebrations and recognition for life events and milestones.

Because of this employee-focused culture, Southwest employees are often featured in the airline's in-flight magazine – "SOUTHWEST". In a recent article, DeAnte Green, Ramp Agent Supervisor, was featured as Star of the Month.

When DeAnte Green joined Southwest from AirTran Airways four years ago, he fervently adopted the Company's Culture. A beloved Leader, DeAnte says he learned how to treat people from his grandfather. Whether it is bringing in doughnuts or ensuring his Employees have the resources they need, DeAnte lives the Southwest Way. On and off the clock, DeAnte feels called to serve and recently donated to his hometown of Flint, Michigan, to join the city during its water crisis. DeAnte exemplifies Southwest's rally cry: one Team, all Heart.

Source: http://blog.indeed.com/2016/09/21/build-great-organizational-culture/. Accessed on 9 January 2019. Adapted for academic purposes.

1.1 In the above article, the culture at Southwest Airlines is described as legendary and one of its greatest assets. Taking the cue from Southwest Airlines, explain how one goes about developing a positive corporate culture. In so doing, elaborate on who do you think is responsible for driving the corporate culture of an organisation. (12)

1.2 Discuss the elements of corporate culture and highlight those elements that best define the practices at Southwest Airlines. (18)

1.3 In promoting a set of core values, managers at Southwest Airlines are encouraged to "hire for attitude and train for skill". With the aid of suitable examples, describe this invisible, yet remarkable concept known as 'core values' and explain its impact in the success at Southwest Airlines. (10)

QUESTION TWO [30]

Analyse and discuss the different approaches that have characterised stakeholder theory and thereafter document a suitable strategy that can be used to identify and map stakeholders.

QUESTION THREE [30]

Utilitarianism is a moral doctrine prompting actions that produce the greatest possible balance of good over bad for everyone affected by such actions.

Comprehensively discuss 'utilitarianism' as a moral doctrine that underpins ethical values and then, with the aid of a suitable example, illustrate how this theory can be applied in practice.

END OF GOVERNANCE AND SUSTAINABILITY ASSIGNMENT

12.2.4 LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT [100]

QUESTION ONE [50]

Read the following article and answer the questions that follow

Is This The Answer To Diversity And Inclusion?

The focus this past year on women's issues at work has triggered even more interest in diversity and inclusion (D&I) training efforts in the office. Many organisations have ramped up their efforts to improve the work situation for women, minorities and all employees, but the increased effort and training time doesn't seem to be translating into progress. Columbia Business School professor Hitendra Wadhwa and his colleagues at the Institute for Personal Leadership (IPL) think they know why.

The Problem with Current D&I Initiatives

Not only do traditional diversity programmemes not work, but recent research shows that they can even have a negative effect on diversity outcomes. That is, they may actually lead to less diversity within the organisation. If that's not bad enough, the training may even reinforce stereotypes about a particular race or gender. Recent efforts to ramp up sexual harassment training has run into a similar barrier, and there is little evidence that harassment prevention training is effective either.

According to Wadhwa, the reason these traditional training methods don't work is that D&I training is unlike any other type of training in the workplace. Teaching employees about D&I is not like teaching them how to make a powerful presentation, how to market a product effectively or how to produce and distribute widgets more efficiently. Instead, D&I training touches on individuals' core beliefs. "D&I is deeply personal," Wadhwa says. "It goes really deep into the core of who you are, how you were raised, dinnertime conversations with your family, things that happened to you at school. These dynamics have shaped your beliefs about humanity, whether some groups are superior or inferior, who gets it and who doesn't, who is trustworthy and who is not."

Basically, when the message to employees is "you're broken and need to be fixed," they may become resentful, and hold on to their beliefs even more strongly. Employees may nod and feign agreement during the training session, but if the message disagrees with their deep-rooted views of the world, they'll revert to doing what they think is right when the trainer is gone. Fortunately, Wadhwa offers solutions to get employees more invested in D&I initiatives.

This Isn't About Helping the Organisation, It's About Helping Yourself

Because the issues surrounding diversity and inclusion are so personal, Wadhwa believes individuals won't be motivated to change because of a human resources initiative or because the organisation says it's a good idea. Therefore, the first step in training should be to convince managers and employees that this training is about helping them reach their own greatest potential at work.

Trainers need to tap into employees' desire to be successful in their careers. It's in the best interest of employees to eliminate their biases, because those biases may be holding them back from getting the best performance from themselves and others. Wadhwa believes every employee should be encouraged to practice what he calls personal leadership. What's personal leadership? It's all about bringing out the best in yourself, the best in others and the best in all situations. Personal leadership is particularly relevant to D&I. He asks, "How can you bring out the best in a situation if you're not inclusive? The research shows that inclusion yields diverse points of view, which leads to better solutions. How can you get the best out of others if you are going to stereotype them? And limit and confine your views of their potential?"

In training, employees should be asked to reflect on their own biases. They should be encouraged to recognize how human it is to categorize people. We all have notions of how women typically behave and how men typically behave, but we also need to remember that bias isn't just about gender and race. Bias is everywhere.

After employees realize the prevalence of bias, they should consider how this categorization of people has impacted them. Have others been biased against them? Have they been biased against others? And what was the impact? Employees need to realize not only how prevalent their biases are, but how their biases can hold them back—both at work and in their personal life. D&I failures impact everyone. It is only after employees are given this motivation to change their behavior, because of how it may limit them that they become more open to change.

Focus On An Inner View Instead Of An Outer View

Once they are motivated to learn, employees can be taught strategies for reducing bias. But learning how to eliminate bias is not easy. Many of our biases are unconsciously triggered, making them particularly tricky to eliminate. Some say the solution is to train employees to treat everyone the same regardless of race or gender or any other categorical differences. Others suggest the answer lies in recognizing differences between groups and therefore treating people differently. Wadhwa says neither is completely correct.

Instead, he believes that we should do both. First, we can recognize that as human beings we are all more similar than we are different, and we should focus on our similarities—on our shared humanity. Second, we should strive to understand each individual for who they are. Instead of characterizing individuals by gender or race or other external characteristics, we should focus on the individual's distinctive characteristics—their background, their feelings, what's happening in their life right now. Look at their facial expressions, their eyes, and the energy they bring. Wadhwa suggests we all need to "focus more, be curious, be open, be 100% present, look within the individual not just at the individual."

Focusing on our shared humanity and on each individual's uniqueness takes effort, but Wadhwa argues the reward is enhanced leadership skills and a better performance from your team.

Don't Wait For The Draining Of The Swamp, Become A Lotus

One final problem with current D&I initiatives is that their scope is too large. They're trying to fix the whole world. "It's a messy world out there, and leaders feel like they need to come in and drain the swamp," Wadhwa argues. Instead, he suggests that these initiatives should focus on encouraging individual employees to become a lotus (a flower that blooms in the middle of muddy conditions).

Metaphorically speaking, when individuals take personal responsibility to try to limit their own biases and help others address their biases, they become a lotus in the swamp. They recognize the biases that are out there and develop strategies for how to best deal with them—even in an imperfect world. They set an example, inspire others, and the number of lotuses multiplies. Thus, one key aspect of D&I training should be to inspire change, one individual at a time.

Organisations spend about $8 billion per year on D&I training with little to show for their efforts. The swamp seems muddier than ever. It seems it's time to start cultivating some lotuses.

(Source: https://www.forbes.com/sites/kimelsesser/2019/01/28/is-this-the-answer-to-diversity-and-inclusion/#139d487b523f)

Questions

1.1. “Inclusion yields diverse points of view.” Evaluate the distinction between diversity and inclusion. (10)

1.2. “In training, employees should be asked to reflect on their own biases.” In light of this, propose a training initiative/method that would be best suited to diversity and inclusion. (10)

1.3. Consider the following in relation to the role of leaders in fostering effective change within the organisation: “It’s a messy world out there, and leaders feel like they need to come in and drain the swamp”. (10)

1.4. Explain how diversity and inclusion may be addressed at a talent planning and recruitment level. (10)

1.5. “The focus this past year on women’s issues at work has triggered even more interest in diversity and inclusion (D&I) training efforts in the office.” Elaborate on the psychological perspective of the above. (10)

QUESTION TWO **[30]**

Read the following article and answer the questions that follow

This is why your employees are leaving

As another resignation letter is slid across your desk, you can’t help but wonder if this is becoming an epidemic. Employees leave; people move on. This is an aspect of business that managers should anticipate. People have their own lives outside of the walls of your building, and sometimes those lives will pull them in multiple directions, leading them away.

Yet if workers seem to be moving on in their droves, you may begin to wonder if there’s something amiss. Why are people leaving?

They are underpaid

Though it should probably be self-evident, if an employee isn't being compensated fairly, they will eventually move on. If salary isn't reviewed regularly, the employee will eventually become dissatisfied with their compensation.

Moreover, if you know deep down that your employee's skills are worth more than they are asking for, you should adjust their compensation. A contributing factor to gender and ethnic pay gaps can sometimes be that employees from marginalised communities are more likely to lowball during negotiations.

Sitting idly by and availing of skills at below-market prices is a ticking time bomb. In the age of Glassdoor and increased calls for salary transparency, it's only a matter of time before employees find out. Either you should correct remuneration or provide other rewards in lieu of payment.

They are unmotivated

Frederick Herzberg was an American psychologist hailed as one of the most influential thinkers in business management. He is most well known for his Two Factor Theory, which breaks down the facets of working life that contribute to an enriching working experience in terms of 'hygiene' and 'motivation'. Things that create hygiene don't provide any real motivation, but their absence will quickly demotivate employees. A fair salary and good conditions are among them. These factors are essential to keeping employees satisfied, but that alone won't be enough.

As Herzberg puts it in a 1973 interview with the BBC: "I'm a human being. I want to do something. I just don't want to avoid pain my entire life. I want to show what I can do. I want to, in the sense psychologically, grow. I want to end my life by saying not that I vegetated, but I am more than I was before, and that can only be measured in what you've done."

We spend more of our lives at work than we do anywhere else, so the sense of purpose that is needed for a happy human existence is needed in the world of work, too. Even if a workplace is comfortable, it won't necessarily present opportunities for an employee to express their true potential.

Do your employees have opportunities to achieve? What do they actually get to do? Have they been given learning opportunities? Have you helped them achieve any of their personal goals?

Your employees won't necessarily quit immediately if the answer to the above questions is no. But they definitely won't give you their all, and they'll probably be quick to take a new opportunity when it arises.

(Source: https://www.siliconrepublic.com/advice/why-employees-leave-retention)

Questions:

2.1. "If an employee isn't being compensated fairly, they will eventually move on." Critically discuss whether you agree or disagree with the above statement. (15)

2.2. "We spend more of our lives at work than we do anywhere else, so the sense of purpose that is needed for a happy human existence is needed in the world of work, too."

With the aid of relevant theories, evaluate the above statement. (15)

QUESTION THREE **[20]**

Before we hit that reboot button on our performance management programmes, let's get absolutely clear on what performance management actually is… and why we should be doing it. As diverse as organisations are (and as diverse as their PM solutions should be) it is helpful to anchor our thinking with a basic framework.

In my experience, every high performing organisation is ultimately using its performance management programme to:

1. develop people's skills and capabilities
2. reward all employees equitably
3. drive overall organisational performance

In light of the above provide a comprehensive discussion on the objectives of performance management programmes.

END OF LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT ASSIGNMENT

13. SUMMATIVE ASSESSMENT (EXAMINATIONS)

13.1 EXAMINATION VENUES

REGION	EXAMINATION VENUE
KWAZULU NATAL (Durban)	**REGENT Business School** 35 Samora Machel Street (Aliwal Street)
KWAZULU NATAL (Newcastle)	**The Edu Centre** Qualita's Off Sutherland Street
KWAZULU NATAL (Pietermaritzburg)	**MANCOSA Office** Suite 2 Maritzburg Arch 39/45 Chief Albert Luthuli Street (Entrance through Greyling Street across Waltons)
GAUTENG (Johannesburg)	**REGENT Business School** 13 Frost Avenue, Sunnyside Auckland Park
GAUTENG (Pretoria)	**MANCOSA Office** 68 Oak Avenue, Highveld Techno Park Centurion
EASTERN CAPE (Port Elizabeth)	**MANCOSA Office** 3rd Floor, Greyville House Corner of Ring and Cape Road, Greencare's
EASTERN CAPE (East London)	**REGENT Business School** 6 - 8 Donald Road Vincent
EASTERN CAPE (Mthatha)	**Trinset** Zamukulugisa Industrial Site, Amendu Road,
EASTERN CAPE (Queenstown)	**TBA**

REGION	EXAMINATION VENUE
NORTH WEST (Mafikeng)	**Molopo Executive Country Lodge** Corner off Nelson Mandela drive and North Street
WESTERN CAPE (Cape Town)	**REGENT Business School** 9 Hemlock Street, 1st Floor Newlands
MPUMALANGA (Nelspruit)	**SAVF Social Work Offices** No 35 Murray Street Corner Murray and Britz Street (opposite Frieso Centrum)
LIMPOPO (Polokwane)	**Edupark** **Edupark Avenue off Dorp Street (Edupark Administration Office)** A Block – Ground Floor Momapati room Opposite New Peter, Mokaba Stadium (1st Floor)
SWAZILAND (Manzini)	**REGENT Business School** Lot 132 City Centre Mbhabha Street Commercial Area Manzini- Near Swaziland Milling
NAMIBIA (Windhoek)	**REGENT Business School** Moth Centre Unit 8 Centaurus Road (Near Maerua Mall)
NAMIBIA (Ongwediva)	**University of Namibia** Oshakati Campus Eliander Mwatale Street Oshakati
NAMIBIA (Walvis Bay)	**The Learning Hub** 60 Circumferential Avenue (Corner of Circumferential and Theo Ben Gurirab Street)
ZAMBIA (Lusaka)	**ZAMCOM** Zambia Institute of Mass Communication Education Trust Plot 3529 Government Road
ZIMBABWE (Harare)	**CADD Centre** Causeway Building 10th Floor West Wing Corner Central Avenue and 4th Central Avenue

13.2 EXAMINATION DATES

MODULES	FINAL EXAMINATION	SUPPLEMENTARY / AEGROTAT EXAMINATION
SEMESTER ONE		
MANAGERIAL ECONOMICS	11 November 2019 13h30 -16h30	16 January 2020 13h30 -16h30
STRATEGIC MARKETING	12 November 2019 13h30-16h30	13 January 2020 09h00-12h00
INFORMATION AND KNOWLEDGE MANAGEMENT	14 November 2019 13h30-17h30	15 January 2020 09h00 -13h00
OPERATIONS AND SUPPLY CHAIN MANAGEMENT	14 November 2019 13h30-17h30	15 January 2020 09h00-13h00
GLOBAL POLITICAL ECONOMY	15 November 2019 09h00-12h00	13 January 2020 13h30-16h30
SEMESTER TWO		
GOVERNANCE AND SUSTAINABILITY	17 June 2020 09h00-12h00	21 July 2020 09h00-12h00
STRATEGIC AND CHANGE MANAGEMENT	19 June 2020 09h00-12h00	22 July 2020 09h00-12h00
LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT	22 June 2020 09h00-12h00	21 July 2020 13h30-16h30
ACCOUNTING AND FINANCE	23 June 2020 09h00-12h00	23 July 2020 09h00-12h00

Appendix A: ASSIGNMENT COVER SHEET

REGENT BUSINESS SCHOOL
HONORIS UNITED UNIVERSITIES

Programme	
Module Name	
Assignment Number	
Surname	
First Name/S	
Student Number	
Date Submitted	
Postal Address	
E-MAIL ***myregent email address***	**………………………..@myregent.ac.za**
E-Mail ***(alternate email address)***	
Contact Numbers	**Cell :**
	Home :
	Work :
Alternate contact :	
Name:	
Relationship:	
Contact number:	

I ______________________________ ID/Passport No.___________________________hereby confirm that the assignment submitted herein is my own original work.

Date: ________________________

FOR OFFICE USE ONLY

Marks per question (Q)

Q1	**Q2**	**Q3**	**Q4**	**Q5**	**Q6**	**Q7**	**Q8**	**Q9**	**Q10**