REGENT Business School

Master of Business Administration

Year 1

January 2019

Academic and Assessment Calendar

CONTENTS		**PAGE**

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

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)**
• Accounting and Finance • Strategic and Change Management • Governance and Sustainability • Leadership and Human Capital Development	• Operations and Supply Chain Management • Information and Knowledge Management • Global Political Economy • Strategic Marketing • Managerial Economics

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: JANUARY – JUNE 2019	WORKSHOP SEMESTER ONE START DATE
• Accounting and Finance • Strategic and Change Management • Governance and Sustainability • Leadership and Human Capital Development	**09 / 10 March 2019**
SEMESTER TWO: JULY – DECEMBER 2019	**WORKSHOP SEMESTER TWO START DATE**
• Operations and Supply Chain Management • Information and Knowledge Management • Global Political Economy • Strategic Marketing • Managerial Economics	**17 / 18 August 2019**

Special Note: *Elective workshops may be conducted subject to sufficient student numbers.

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	
Leadership and Human Capital Development	25 March 2019
Strategic and Change Management	05 April 2019
Accounting and Finance	18 April 2019
Governance and Sustainability	02 May 2019
SEMESTER TWO	
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

11 ASSIGNMENT QUESTIONS: SEMESTER ONE (JANUARY - JUNE 2019)

11.1.1 LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT [100]

QUESTION ONE **[40]**

How Facebook and Twitter built the best employee training programs in Silicon Valley

Training employees and managers is essential at any company but particularly for startups. Yet many avoid it because it seems too hard or expensive.

"A lot of companies think their employees are so smart that they require no training," Andreessen Horowitz co-founder Ben Horowitz writes in his recent book. "That's silly."

Horowitz told Quartz that two companies that do some of the best training are, Facebook, on the engineering side, and Twitter for management. (Andreessen Horowitz has invested in both companies). As of 2007, the company didn't really train people, Horowitz says.

"It caused a lot of misunderstandings in the product architecture, which caused performance issues, which caused a pretty large crisis in the company," Horowitz says.

The following year, Facebook began a program led by engineer Andrew Bosworth called Facebook Bootcamp. It's a seven week on-boarding program for new engineers and project managers. They're immersed in the company's code, and start working on projects that end up live on the site within a week of their start date.

But it's not just about getting people up to speed, Bosworth wrote in 2009—the training emphasizes maintaining high standards, identifying internal leaders that are good at teaching, making sure people have mentors, and letting engineers learn by fixing real problems.

Uniquely, engineers aren't hired for particular teams at Facebook. Bootcamp connects engineers with teams by exposing them to different parts of the organization. That way they can find a problem or project they like working on that also needs them.

"It's amazing how productive new people are at that company very quickly," Horowitz says.

Twitter

Horowitz had a direct hand in the beginning of Twitter's management training program. It began with a conversation between Horowitz and Twitter CEO Dick Costolo in Sun Valley, Idaho shortly after he got the top job in 2010. Here's how Horowitz remembers it:

When Dick Costolo took over, he took over from Jack Dorsey and Ev Williams. They're both better managers now, but neither of them really knew anything about it then. They're both, if you talk to them, fairly embarrassed about how they ran the company. You had a culture of management that was really dysfunctional.

I had a conversation with Dick and he said: "You know what really annoys me? We'll sit in a meeting and all agree on something, then some managers will walk out and say to their people, 'Well, here's what got decided, but I don't agree with it.'"

I said, "Yeah, that would annoy me. Have you trained them not to do that?"

And he said, "What do you mean?"

I said, "What is your management training like?"

"We don't have management training."

Well there's only one way to fix that, you've got to tell managers what you want. Then, you've got to enforce it. Performance management without training isn't worth anything. If you're not training people, what benchmark are they performing against?

The management training program that resulted, taught by Costolo himself, is considered the best in Silicon Valley, Horowitz says. Costolo consulted with Horowitz on the curriculum, which was based on a similar class he taught at his company, Opsware.

The program teaches managers to set clear expectations for their employees, prevents them from "managing by trying to be liked," and trains them to take an approach that's uniquely suited to Twitter rather than transplanted from companies like Google.

Costolo's leadership and the program have helped professionalize a somewhat chaotic company, Horowitz says, and were instrumental in helping Twitter transition from an interesting social network to a legitimate business.

(Source: https://qz.com/1220219/post-brexit-the-uk-is-doubling-down-on-african-infrastructure-investment-2/)

QUESTIONS:

1.1. Evaluate the training methods utilised by both Facebook and Twitter and the effectiveness thereof. (20)

1.2. Critically discuss the following statement: Performance management without training isn't worth anything. (20)

QUESTION TWO **[30]**

Read the following article and answer the question that follows:

Uber exec: White men need to 'make noise' about diversity

Bozoma Saint John, Uber's chief brand officer, called on white men to help diversify their workplaces. "I want white men to look around in their office and say, 'Oh look, there's a lot of white men here. Let's change this,'" Saint John said at the SXSW festival on Sunday.

Saint John said the onus should not be on people of color to improve diversity at work: "Why do I — as the black woman — have to fix that? There's 50 of you, there's one of me. Ya'll fix it. ... Everybody else needs to make the noise — I want white men to make the noise."

Saint John joined Uber last June and is responsible for increasing customer loyalty. Her hire was considered a strategic move in Uber's turnaround effort: The company added a black female executive after being blasted for having a non-inclusive culture.

Travis Kalanick resigned as CEO later in June amid turmoil at the company.

Uber, like most tech companies, is working to diversify its workforce. Its first diversity report, released in March 2017, showed that Uber had no technical leaders who are black or Hispanic. Among non-technical leadership positions, 3.7% were black and 1.2% were Hispanic.

However, the report noted that in the 12 months prior, Uber had increased its hiring of black and Hispanic employees.

One problem often cited for the lack of diversity is that the pipeline of candidates lacks enough women and minorities.

"That's bulls--t," Saint John said.

Saint John added it's common for people to stick to what's familiar, what makes them comfortable. As a result, they don't seek people who don't have similar backgrounds to or look like them, she said.

"It's not a pipeline issue," she said.

(Source: http://money.cnn.com/2018/03/11/technology/uber-bozoma-saint-john-diversity/index.html)

QUESTION:

The issue of diversity management is a critical issue and is receiving growing international attention. The extent and type of management differs according to country and even organisation.

Elaborate on the various aspects and dimensions of diversity management as discussed in the above article.

QUESTION THREE **[30]**

3.1. Evaluate the following statement:

To be effective, **leaders** must have a solid understanding of how their **emotions** and actions affect the people around them. The better a **leader** relates to and works with others, the more successful he or she will be. (15)

3.2. Discuss the key factors relating to creating the "best" organisation and to retaining the "best" employees. (15)

END OF LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT ASSIGNMENT

11.1.2 STRATEGIC AND CHANGE MANAGEMENT [100]

QUESTION ONE [50]

Read the following and answer the questions that follow

How Woolies' gamble down under is paying off

The Woolworths that was is no more. Its R23, 3bn buyout of David Jones, the grand dame of Australian department stores, has altered Woolies' course as a largely SA play in apparel — with the draw of a fast-growing, market-share-gaining food business — to a turnaround story, with scale.

Woolworths, with more than 1 200 stores across 16 countries, has an expanse greater than that of northern hemisphere counterparts Macy's, Bloomingdale's or even John Lewis. It has entered the department store big league.

"We are diversified by turnover, we are diversified by where our profit comes from in terms of category, but we are also diversified in terms of geography; that means our risk is spread," says Woolworths group CEO Ian Moir, who is backed by his recently appointed SA chief executive officer, Zyda Rylands.

Though 40% of its operating profit comes from Australia, David Jones (or its Country Road unit) is more than just harbourage from SA's dwindling economy and glacial employment prospects. It is more than an alternative earnings stream with a hedge against a weakening rand.

Woolworths' food business has grown ahead of the market every month since September 2011.

But building a large-scale, SA-headquartered apparel business by taking its products and brands into other markets and capitalising on low-cost, fast-fashion design capacity, was the only way Woolworths could compete — from a position of southern hemisphere strength — against the influx of global retail aces like Zara, H&M and Topshop as well as online players.

"The days of going to the northern hemisphere, seeing what you like, copying it, delivering it to the southern hemisphere and saying thank you very much, are gone," says Moir. Developed markets are intensely competitive and saturated. And size affords two crucial factors that put space between a retailer and its rivals: buying power and speed to market.

Daniel Isaacs, an equity analyst at 36One Asset Management, questions what the long-term picture for consumer purchasing power is in SA, given its problems of poor education and high, growing unemployment. “Retailers are looking to diversify geographically because they see SA as becoming more mature and more competitive, and because of the economic and political issues we face locally. It is [also] beneficial for a retailer to grow so that their volumes are larger and they can thereby get better pricing from suppliers. The combined purchasing power of Woolworths and David Jones will set them up better in supplier negotiations than either of them alone,” Isaacs says.

Nonrand earnings aside, the lure of maximising sourcing capabilities to drive margin improvements is encouraging other local retailers to expand from their home market.

Mr Price is giving Melbourne a shot; Truworths is in talks with UK retailer Office; and The Foschini Group (TFG) has made a smallish (R2,6bn) buyout of UK fashion group Phase Eight, which sells evening and bridal wear. Though some market commentators think the latter choice “obscure”, TFG now has a footprint in a further 19 countries through 122 stores and 217 concessions or stores-within-a-store.

The larger a retailer is, the better it can negotiate prices with suppliers. It is able to get more favourable terms, volume, discounts and rebates, which translate into lower cost of goods. This gives it the choice of taking those benefits to the bank and earning more money, or lowering prices and still maintaining margins while passing that benefit to customers to drive more volume.

When the David Jones (DJ) deal was announced, Woolworths didn’t have to try too hard to convince shareholders. This was in spite of DJ’s patchy performance and the big price tag — larger than US giant Walmart’s R16.5bn buyout of Massmart and just shy of Bain Capital’s R25bn acquisition of Edcon.

Despite a hefty premium and the trepidation that Woolworths’ long-time nemesis Solomon Lew had emerged from the shadows, its case was made easier by the sameness of the businesses but also by what has been called “The Ian Moir effect”.

With 16 years’ experience in the Australian retail market and a deep knowledge of its consumer preferences, Moir was the chief architect of Country Road’s turnaround. Year-to-date, Woolworths’ shares have surged by more than 30%, the biggest among SA's retailers — with a 54% rise since the deal was announced on April 9.

"They appear to be getting more out of David Jones than I anticipated, but I still think they overpaid," says Reuben Beelders, a portfolio manager at Gryphon Asset Management. "I don't understand why they're trading on a p:e of substantially more than a number of the other companies, it's not justified. The return on investment has come down dramatically after the deal."

With a 26 p:e it's clearly not a bargain. Of the 17 analysts who cover the stock, seven rate Woolworths a buy, seven have it on hold and three say sell. In a recent report, JPMorgan, which rates it a hold, said: "We like this story, but are neutral as we feel the rating is no longer compelling." But while JPMorgan is wary on the value, it added that "the transformation and integration of David Jones is progressing ahead of expectations."

A year after the DJ acquisition, many are inclined to believe that Woolworths' target of adding A$130m to DJ's earnings before interest in five years is overly conservative. The David Jones revival is already showing momentum. Sasha Naryshkine, a director at Vestact, which holds a "buy" rating on Woolworths, says you get what you pay for. "The stock is pricey, in part [because of] the dilutionary impact of more shares (through the rights issue). I do know one thing — this is a really good business with a really sharp management team. It's a company that is likely to grow earnings in the mid-teens for the next couple of years, and we continue to be happy to pay up for the quality of the business; they have a strong dividend policy too."

A move towards specialisation through stand-alone branded fashion stores has led to the department store environment in Australia and elsewhere suffering. Successful stores have created more contemporary stores with theatre, modern ranges and elements-differentiation for shoppers.

Marking the first anniversary of the takeover, Woolworths has begun rolling out its high margin private label brands (Studio W, JT One and RE) in DJ stores. The aim is to grow private label in David Jones from 4% to 20%, the EBIT impact being $70m-$80m. Analysts say it will be closer to $120m.

David Jones's private labels tended to be less fashionable or low risk and of a slightly inferior quality to Woolworths'. Though SA has a higher Vat and duty rate, apparel prices in Australia are still higher due to rental and staff costs. Country Road is 30% cheaper in SA. Woolworths is able to mark-up product to high gross margins in Australia (sometimes as much as 85%) and still appear affordable.

Around $45m has been spent on 262 Woolworths “pads”, which include larger Country Road spaces and an introduction of the Trenery brand. The effect is a fresher store, far from the cluttered and drab outfitting’s of an underinvested David Jones of a year ago.

“The days of going to the northern hemisphere, seeing what you like, copying it, delivering it to the southern hemisphere and saying thank you very much, are gone”   Ian Moir

The fanfare associated with DJ as an authority and purveyor of fashion in the Australian retail scene remains. The debut for edgy denim brand RE was hosted in a deserted underground train station attended by Sydney’s elite, and Australia’s fashion literati, from Vogue to Marie Claire, featured front-row at Studio W’s debut.

While one linen blouse does not a season make and the Woolworths private label will need to build brand equity over time, the David Jones customer (predominantly female, spanning three generations, well-travelled, well-educated and aware of brands and fashions) is accustomed to high-low purchasing — pairing pricier designer labels with basic but tailored wardrobe staples — for which Studio.W has become renowned.

“Look, she has a Prada purse and she’s just bought Studio.W,” David Thomas, CFO at David Jones, points out on a walkabout of the flagship store in Elizabeth Street, Sydney.

Given the proximity of its fancier neighbours (Hermes to the left and Prada to the right), the execution of landing these SA brands within David Jones stores has been done so intricately that RE, with its $59 jeans, fits comfortably alongside premium label J Brand, whose slacks cost as much as $350.

“David Jones was not renowned for good entry-level product,” says Christo Claassen, Woolworths MD of Clothing & GM. “Our mandate within the tiring system — ‘good, better, best’ — is to establish and fill that ‘good’, which was non-existent, and that is for existing customers and new customers.”

Claassen previously headed Edcon’s only profitable division, Discount.

One Australian retail consultant who declined to be named said David Jones was doing an "awesome" PR job and was clearly the favourite for a turnaround. "David Jones has work to do to catch up with Myer in beauty and Myer has a lot of catching up to do in apparel fashion. The money is always in female apparel and cosmetics/beauty."

Already, David Jones has reversed a four- year earnings slide, reporting a 28,8% rise in operating profit to $161m in the 11 months ended June. A 6,4% sales rise to $1,9bn was achieved, with robust second-half growth (10,7%) buoyed by new business disciplines and the sale of full-priced merchandise rather than discounting.

"We've done a lot of things differently and there'll be a lot more to come," Moir says. "David Jones has revisited its merchandising strategy, adopting a 16-box grid which really says these are the segments of customers we've got — classic, conservative, young, edgy, and so on; and this is the pricing architecture we adopt and what brands should work in those segments and which of the brands we have that don't work. We now have a much better mix of product that resonates with customers."

Around 180 brands were culled from David Jones and some midmarket labels, like Seed and Marcs, were added.

Less-elegant listed rival Myer, also undergoing a rejig, posted muted results. Sales grew just 1.7% for the 12 months to June to $3.2bn and net profit after tax was down 21.3% at $77,5m.

Rivalry between the two stalwarts is legendary, from model poaching for catwalk shows to tit-for-tats over label exclusivity. Myer even proposed a nil-premium share swap merger with David Jones in January last year, which was swiftly rejected.

After nearly a decade leading Myer, CE Bernie Brookes quit the department chain to take the helm at beleaguered Edcon this year.

According to Farina Parsons, equity analyst at Morningstar in Sydney, investors prefer David Jones at this stage. Myer, under new CEO Richard Umbers, recently announced a $600m investment in its business over the next five years (not its first such initiative). "The execution risks are high, in my view. Even before the takeover by Woolworths, David Jones was a stronger department store," says Parsons.

Part of the attraction of David Jones was its lucrative property portfolio. A three-year old independent study pins a $612m value on the portfolio. However, Australian media say the figure is closer to $1bn.

The sale and partial leaseback of two of its four Sydney and Melbourne CBD David Jones sites is imminent, and will lead to quicker de-gearing for Woolworths.

Apart from "retail 101" basics like downsizing stores and opening smaller, more profitable ones, correcting layout and getting the product right, Woolworths has started applying its technical expertise to other areas. Getting more information about David Jones customers and their spending habits will help the group predict how shoppers will behave. This informs space allocation and cataloguing.

Woolworths can track 74% of its sales through W Rewards, its loyalty card.

"The launch of the David Jones loyalty programme will be a game changer – 6% of our customers drive 20% of our turnover. The other 94% of customers, who drive 80%, of sales, we can't talk to yet," says David Jones CEO Iain Nairn, who formerly headed Country Road.

The overhaul of David Jones merchandise systems to essentially the same platform as Country Road will be transformational, as it was for Witchery and Mimco, brands acquired in 2012 by the company.

The use of Excel spreadsheets means David Jones doesn't have planning and automated replenishment systems, so allocation of stock and profiling of stores is a disaster. Trying to bring service back to its stores by hiring full-time workers and career professionals will allow it to attack speciality retailers. "We have to make sure our people are indoctrinated in brands and how to sell them. You are only as good as the people in your stores and their ability to sell," says David Jones's Thomas.

Food will be the final frontier as the DJ customer is a foodie at heart. There's potential for a premium offering with facets similar to the US's Dean & DeLuca or a food emporium like Eataly.

Some are not convinced. Stuart Bennie, a retail consultant at Sydney-based Impact Retailing, says David Jones tried a mini supermarket/delicatessen a few years ago to cater for young, time-starved working consumers. “It was a failure. The upmarket suburbs have speciality food stores catering to elite customers. Our Woolworths or Coles are about as upmarket as you will get for food in Australia on a wider scale,” he says.

Woolworths has sent over one of its own, Pieter de Wet, to breathe life into its four food halls, with the opportunity to set up W Cafés and gourmet standalone stores.

A report from rating agency Moody’s says though it expects the scale of David Jones food retail will be very small even in the long term compared with Woolworths Ltd (no relation to SA’s Woolies) and Coles, it will still lead to further market share losses for Australia’s “big two”.

Australia’s economy, like SA’s, is commodity-based and under pressure.

But with one of the highest GDP and clothing consumption per capita rates in the world and strong population growth backed by high levels of immigration (50% from Asia), the market presents a compelling opportunity for high-end players.

Woolworths might just become the Selfridges of the south in its quest for southern hemisphere supremacy.

Adapted from a Financial Mail article by Z Moorad

1.1 Identify with reasons the grand strategies that Woolworths is pursuing in the context of the above article. (10)

1.2 Discuss the sources of competitive advantage that Woolworths leveraged in terms of its buyout of David Jones. (10)

1.3 Critically discuss the nature of the key decisions made by Woolworths within the process of entering ‘department store big league’. (10)

1.4 Evaluate the strategies employed by Woolworths focusing on the risks attached to the strategic direction outlined in the article. (10)

1.5 Discuss the strategic leadership role of Ian Moir as exemplified by “The Ian Moir effect”. (10)

QUESTION TWO **[20]**

Organisational change involves moving from the known to the unknown. Because the future is uncertain and may adversely affect people's competencies, worth and coping abilities, organisation members generally do not support change unless compelling reasons convince them to do so. Similarly, organisations tend to be heavily invested in the status quo, and they resist changing it in the face of uncertain future benefits. Consequently, a key issue is how to motivate commitment to organisational change.

With reference to this, discuss the ways in which managers can create readiness for change and the strategies they can employ for managing resistance to change.

QUESTION THREE **[10]**

Critically discuss the following statement:

Formal strategic planning systems are irrelevant for organisations competing in high technology industries where the pace of change is so rapid that plans are routinely made obsolete by unforeseen events.

QUESTION FOUR **[20]**

Read the following and answer the question that follows:

Why Elon Musk's New Strategy Makes Sense

Last week Elon Musk released the second instalment of Tesla's Master Plan. The first instalment had been written in 2006. It outlined Tesla's automotive strategy and it has been pretty much followed to the letter. The second instalment moves Tesla beyond the traditional car market, with a plan to reconfigure our cities, energy systems, and our impact on the environment. As if becoming the first American car entrant in almost a century weren't enough. Let's quickly review the company's history. Tesla's initial strategy began like a start-up: to build a minimum viable product to test the market. They built the Tesla Roadster, which was essentially an electric Lotus, and it sold well. They then moved into the luxury market where they applied plenty of competitive pressure with the Model S. And recently they announced the final part of their plan: a mass-market vehicle costing around $30,000 that quickly racked up years' worth of pre-orders. Along the way there has been lots of discussion as to whether Tesla was a disruptor. Its strategy of coming into the market from the high end did not fit the typical demand-side disruption playbook. Instead, it looked as though Tesla's innovation was to redesign the car in a way that fundamentally meshed software and hardware.

While traditional carmakers had for decades tacked on software to their existing product lines, Tesla's cars were designed from a clean slate. Their architecture – that is, how the car was put together – was fundamentally new. As of now, it is far from clear that traditional carmakers can replicate that new architecture without dismantling their organizations – something most established firms find extremely difficult. But even before we have had a chance to find out, Tesla's new plan involves a substantial pivot. Tesla is doubling down on clean energy and plans to use its cars as a means to convert households to solar power. And it is doubling down on autonomous vehicles, which is something that threatens to change the entire business model of the auto industry.

One of the uncomfortable facts about electric cars is that while they are "clean" in the sense of emitting no exhaust pollution, they still have a carbon footprint since the electricity has to come from somewhere. Because most electricity isn't generated from renewable sources, in practice most electric vehicles still technically run on fossil fuels.

Musk's plan to make Teslas truly clean involves marrying the selling of vehicles with the installation of solar panels on houses. Musk and his family already own the main entrant in the latter category – SolarCity – and so Musk wants to merge the companies. He clearly believes there is more innovation to be had with the two businesses combined

What will the integrated electric car and solar future look like? There may be complementarities between the two but the overlap is uncertain. (Solar can do more than charge cars; and not all car charging will happen at home via solar.) Having an integrated company leaves Musk free to tweak the approach of each without having to ask for permission from two boards. In other words, his approach to clean energy requires cleaning up the organisational lines.

Musk's interest in tweaking both approaches makes sense given his view that the business model of the car industry is doomed. He sees cars going autonomous, threatening the need for car ownership. Tesla has to date operated on the business model of the car industry, selling people vehicles that they own and control. But Musk sees the future as one where cars are accessed, not owned. It's hard to know who will end up owning the cars, but it may not be the individuals who end up riding in them.

Add to that the likelihood of similar transformation in mass transit (Tesla is planning an autonomous bus) and goods transportation (there is a planned autonomous semi), and you can see that Tesla needs to keep its options open.

The usual reason not to pursue an integrated approach and combine two loosely related businesses is that you want each to focus on what they are good at without distraction. But when the architecture of an entire industry is in flux, that focus becomes a problem as it blinds companies to the issues that affect both of them.

As I outline in my book, *The Disruption Dilemma*, the companies that have thrived in the face of architectural disruption of this kind are those that have kept all the parts close and in control rather than spread them out. Tesla's new Master Plan takes a page straight out of that playbook. As a bet, Musk has business history on his side.

Source: Joshua Gans - https://hbr.org/2016/07/why-elon-musks-new-strategy-makes-sense

4.1 Identify with reasons the generic strategy that Tesla is pursuing and assess the merits of this strategic direction. (12)

4.2 Explain how TESLA's Master Plan differentiates TESLA from traditional car manufacturers. (8)

STRATEGIC AND CHANGE MANAGEMENT

11.1.3 ACCOUNTING AND FINANCE [100]

QUESTION ONE **[25]**

You have been appointed as the financial director of Kiyahuna Limited. The company requires that you calculate their weighted average cost of capital.

The following information is available on the capital structure of the company:

1 000 000 Ordinary shares, with a market price of R5 per share. The latest dividend declared was 87 cents per share. A dividend growth of 13% was maintained for the past 5 years.

1 000 000 12%, R1 Preference shares with a market value of R2 per share.

R1 000 000 9%, Debentures due in 7 years and the current yield-to-maturity is 10%.

R1 300 000 15% Bank loan, due in December 2025.

Additional information:

1. The company has a tax rate of 30%.
2. The beta of the company is 1.5, a risk free rate of 5% and the return on the market is 16%.

Required:

1.1 Calculate the weighted average cost of capital (WACC). Use the Gordon Growth Model to calculate the cost of equity. (22)

1.2 Calculate the cost of equity, using the Capital Asset Pricing Model. (3)

QUESTION TWO **[25]**

Mzo Ltd is a specialist manufacturer of aluminium products in South Africa. In seeking to expand its operations, it has the opportunity to acquire an American subsidiary company, Bush Ltd, or set up a new division in its home market.

The relevant figures for these two options are:

Set up new division at home	**Rand**
Cost of setting up premises	15 000 000
Cost of machinery	9 000 000
Annual sales	13 000 000
Annual variable cost	4 000 000
Additional head office expenses	1 000 000
Existing head office expenses	500 000
Depreciation	2 400 000

Acquisition	**Euro**
Acquire shares from existing shareholders	6 500 000
Annual sales	4 000 000
Annual variable costs	2 000 000
Annual fixed costs	500 000
Consultant fees	350 000

Additional information:

- The project is expected to last for 10 years.
- Mzo Ltd, current cost of capital is 12%.
- The American inflation is expected to be below the South African inflation by 1% per year, throughout the life of this investment.
- The exchange rate is expected to be R12 to the Dollar ($) due to the strengthening of the Rand (R) as a result of an upbeat (positive) economic and political outlook for South Africa.

Required:

2.1 Calculate the Net Present Value for each option. (22)

2.2 Advise Mzo Ltd on the viability of these two opportunities. (3)

QUESTION THREE [25]

Bester Ltd plans to manufacture kettles and the following information is applicable:

Estimated sales for the year 2018	14 000 units at R80 each
Estimated costs for the year 2018	
Direct material	R24 per unit
Direct labour	R4 per unit
Factory overheads (all fixed)	R55 000 per annum
Selling expenses	30% of sales
Administrative expenses (all fixed)	R78 000 per annum

Required: (Calculate each question independently based on the information given and round off final amounts to the nearest whole number)

3.1 Calculate the break-even quantity. (5)

3.2 Calculate the break-even value. (4)

3.3 Calculate the break-even value using the marginal income ratio. (4)

3.4 Calculate the selling price per unit if the profit per unit is R4. (5)

3.5 Calculate the new break-even quantity and value if selling price is increased by 10%. (7)

QUESTION FOUR [25]

Excerpts of financial data of Wahaab Limited for the year ended 31 December 2017 are as follows:

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	R
Sales	2 000 000
Cost of sales	1 300 000
Gross profit	700 000
Operating profit	300 000
Interest expense	20 000
Profit before tax	280 000
Income tax	84 000
Profit after tax	196 000

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	R
Assets	
Non-current assets	390 000
Inventories	160 000
Accounts receivable	140 000
Cash	70 000
	760 000
Equity and Liabilities	
Shareholders' equity	480 000

Long-term loan (15% p.a.)	170 000
Accounts payable	90 000
Income tax payable	20 000
	760 000

Additional information:

- Credit terms to debtors are 30 days.
- The issued share capital consists of 200 000 ordinary shares.

4.1 Calculate each of the following ratios for Wahaab Limited for 2017:

4.1.1	Profit margin (Net profit margin)	(2)
4.1.2	Return on assets	(2)
4.1.3	Return on equity	(2)
4.1.4	Debt to assets	(2)
4.1.5	Acid test ratio	(2)
4.1.6	Earnings per share	(3)

4.2 Comment meaningfully on each of the following ratios:

		2017	*2016*	
4.2.1	Gross margin	*35%*	*28%*	(3)
4.2.2	Inventory turnover	*8.58 times*	*5.67 times*	(3)
4.2.3	Debtors collection period	*40.50 days*	*27.60 days*	(3)
4.2.4	Current ratio	*3.36:1*	*4.98:1*	(3)

END OF ACCOUNTING AND FINANCE ASSIGNMENT

11.1.4 GOVERNANCE AND SUSTAINABILITY [100]

QUESTION ONE [65]

Read the following and answer the questions that follow:

THE WOOLWORTHS *GOOD BUSINESS JOURNEY*
'Corporate responsibility' or 'sustainability' is a fundamental part of a company's governance practices, but also an opportunity to position the company in a positive light to its customers and other stakeholders. An integrated sustainability programme can thus be a way of managing key social, environmental and economic risks as well as of identifying opportunities for new products, services and markets.

The Woolworths *Good Business Journey* programme was launched in April 2007 as a formalisation of existing Woolworths sustainability initiatives, partially in response to a number of similar public commitments in the retail sector internationally, including by Marks & Spencer and Walmart.

To quote CEO Simon Susman: 'It is becoming increasingly obvious that sustainable growth can only be achieved through paying greater attention to the world around us than has been the case in the past. The links between economic growth, transformation, poverty alleviation, the environment and climate change can either form a vicious or a virtuous circle.' Woolworths' largely higher-income customer base and its employees expected the company to take a lead on issues such as this. The *Good Business Journey* is, therefore, the result of a comprehensive and systematic review of the way Woolworths addresses the issue of sustainable growth within the context of the changing social and environmental needs of South Africa. It is a 5-year plan, changing the way we do business, and incorporating a series of challenging targets and commitments, centred on four key priorities: accelerating transformation, driving social development, enhancing our environmental focus, and addressing climate change.

The programme is strongly influenced by the sustainability agenda of the international retailers such as Marks & Spencer and Walmart, as well as by the Global Reporting Initiative (GRI) guidelines, JSE Socially Responsible Investment (SRI) index criteria and other legislative requirements, but places a uniquely South African perspective on these issues via a strong focus on transformation imperatives and social upliftment.
Each business unit has specific targets, and progress is measured twice per year across the 200 indicators. This provides the executives and board with a measure of both annual progress and advancement towards targets, to the level that a single overall score for the company and each business unit can be provided.

The programme is managed centrally from the corporate governance business unit. However, specific indicators have been included in the overall business strategy and scorecard as well as the in scorecards of each business unit, placing accountability for delivery of particular projects within the business units. Progress is overseen by a Board Sustainability Committee that meets quarterly.

Woolworths have used the phrase the *Good Business Journey* because this truly is a journey and there have proven to be few easy solutions. “We are committed to meeting the 5-year targets we have set and to do this, we are exploring new ways of doing things in many areas. Reaching these destinations will require significant behavioural and cultural change. If we can take our customers and suppliers along with us, this journey will have an even more meaningful impact on the wide range of transformational, social and environmental challenges that face South Africa. This is a unique opportunity for any company”.

First priority: Accelerate transformation

South Africa first

Woolworths’ priority is to accelerate transformation, with the focus on enhancing BEE, skills development and equity ownership plans, ensuring a collaborative approach with suppliers, government and franchisees, and driving the policy of ‘South Africa first’. Woolworths is a proud South African business with a long tradition of quality and innovation in South Africa. We are committed to buying as much of our product locally as possible – for many reasons, buying from local suppliers suits our business, and enables us to meet our customers’ needs. Only where we cannot get the right level of quality, value and technological innovation from our local suppliers, do we look to other countries.

Employee share ownership scheme

An extensive BEE employee share ownership scheme was rolled out in mid-2007. Beneficiaries have collectively received millions in dividends since the scheme was launched.

Supplier programmes

Woolworths is also uniquely placed to drive enterprise development projects, and we have set up teams devoted to working more closely with emerging suppliers, further driving our commitment to supporting South African businesses first. *Skills development and training*

Skills development and training will continue to be a focus throughout the business in order to establish a pipeline of talent that can rise to senior levels of the business. To this end, we will establish three new provincial learning centres to provide accredited courses in the core skills required in modern retailing.

Culture of transformation

Woolworths is committed to transformation across the business and has already embarked on a company-wide planning and development programme to ensure that transformation becomes an entrenched way of doing business. For Woolworths, this is both holistic in nature – transforming the way we do business across all aspects of the Department of Trade and Industry (DTI) scorecard – and collaborative in approach, working in partnership with our franchise partners, our suppliers, and the public sector, including government.

Second priority: Drive social development
Woolworths' second priority is to work harder to drive social development – poverty drives environmental destruction and that in turn creates more poverty. To help alleviate poverty, we need to expand the existing initiatives of the Woolworths Trust and link with the transformational goals to drive enterprise development.

Increasing contributions
Woolworths already makes a substantial contribution to the community through the distribution of surplus food and clothing, and our investment in carefully selected CSI initiatives under the auspices of the Woolworths Trust and the *MySchool* programme. The commitment is to significantly increase this contribution, making an even greater difference to the lives of many South Africans. In particular, we aim to:
• increase Woolworths' social contributions to more than R300m
• expand the *Eduplant* programme to deepen the support and broaden the reach and impact
• develop a more effective model, preferably through an enterprise development initiative, to distribute surplus food and clothing, and
• support employees (which number over 20,000) in their community initiatives by matching corporate funds so that we can increase their contribution to needy causes at a local level.

Third priority: Impact on environment
The third priority relates to Woolworths' impact on the environment, in particular the issue of diminishing biodiversity. Organic production, conservation and a new approach to packaging are the key areas of focus.

Organic products
Woolworths will continue to drive the organic food and clothing offering, aiming to increase organic food sales by a multiple of 5 and to sell more than R1 billion of organic-content clothing. The resultant reduction in the use of potentially harmful pesticides and chemicals will be of significant benefit to both consumers and to South Africa's water quality.

Health
Nutrition and healthy living are already a cornerstone of the way Woolworths does business, with the *Good food journey* having made major strides in improving awareness and offering customers the right food for a healthy lifestyle.

Water and natural resources
Water is one of South Africa's scarcest natural resources and Woolworths is targeting a 30% reduction in water consumption and is developing a programme to encourage our suppliers do the same. A number of programmes are also being established to encourage and protect South Africa's biodiversity, including crop planning to address the impact of global warming, a strict policy of not selling products which might cause harm to endangered species, and the adoption of more environmentally-sensitive farming practices throughout our supply chain.

Packaging and recycling

Packaging has become a major selling tool for retailers, but at significant environmental cost. Woolworths' focus in packaging will be to reduce, recycle, re-use or compost all packaging. Packaging will be reduced to the essential requirements of product protection, promotion and information. The packaging shift will start with reduction where possible, and include a focus on recycling, re-use and the investigation of compostable packaging.

Our targets include a one-third reduction of packaging in clothing and a 20% reduction in food packaging. Customers will continue to be encouraged to use re-usable shopping bags, thereby reducing the number of new shopping bags required, and there will be an increase in the percentage of recycled material in all Woolworths' plastic shopping bags. Woolworths will also work with other corporate and government partners to make the recycling process easier for customers.

Woolworths continues to seek raw materials that are independently certified as coming from approved sustainable sources, for example, material certified by the Forest Stewardship Council (FSC). New packaging will be based on renewable and sustainable resources.

Almost 70% of Woolworths' food lines have symbols on the plastic packaging to help customers and recyclers easily identify packaging for resorting.

The entire fleet of trolleys and all in-store shopping baskets will soon be made from recycled material. 68% of this fleet is currently made from recycled material from post-industrial sources.

Fourth priority: Climate change

Reducing carbon footprints

The fourth priority addresses climate change directly by focusing on reducing Woolworths' carbon footprint. Woolworths recognises climate change as an issue requiring urgent action if the risk of serious damage to global prosperity and security is to be avoided. Woolworths will reduce its relative carbon footprint by 30% – this will be achieved through energy efficiencies (reducing relative electricity usage by 30%) and reducing product miles (reducing relative transport emissions by 20%). This reduction will also lead to significant operational savings which the business will reinvest in exploring additional sustainable business alternatives.

Woolworths will continue to support carbon offsetting, exploring alternative options but with an initial focus on greening to absorb carbon excess – this will be done by planting more trees at Woolworths own Midrand campus and at *MySchool* and *Eduplant* schools. Woolworths will also work closely with suppliers and customers, mobilising them to understand their own carbon footprints and making it simpler for them to reduce their footprints. Woolworths is reviewing total network efficiency, from the location of suppliers to stores with tactical programmes to reduce transport costs. Initiatives include co-loading for multiple stores in single vehicles and combining food and clothing deliveries in single vehicles.

Results of the *Good Business Journey* programme

A strategic programme with broad effects

The *Good Business Journey* is a business imperative for Woolworths. Many aspects of it are linked together to generate a multiplier effect: reducing product miles through encouraging more local sourcing will open up opportunities for enterprise development and preferential procurement; reducing packaging will result in energy and paper savings, thereby reducing the Woolworths carbon footprint.

Another already successful example of this effect is seen in the targets for sales of re-usable bags and reducing the use of plastic bags. A reduction in plastic bags not only has environmental benefits, but also saves both Woolworths and its customers' money. At the same time, two enterprise development projects make the re-usable bags that are sold, creating employment for over a 100 previously indigent women. The largest aspect of this multiplier effect is expected to come from broadening our work with the customer and supplier base. We support the notion that if we are to fundamentally shift behaviour, we need to extend our influence to encourage our suppliers to change the way they do business and make it easier for our customers to adopt more sustainable practices in their daily lives. In this way, we can also directly influence social and environmental issues in the supply chain, setting new standards in ethical trade. We can have substantial influence as a business with more than 20,000 employees, 300-plus stores, 6 million customers and a network of over 1,000 suppliers. It will involve investment, but we will not pass the cost of this on and we fully expect it to be recovered as we see the results of our actions. These results will open up new opportunities, create new targets and ensure that our journey is a dynamic one which will help address the issues of 21st century South Africa.

Cost savings
The programme has had a number of benefits so far -- especially identifying opportunities for operational efficiencies and saving costs (both for the company and its suppliers, with a longer term expectation of cost-savings for customers too). Savings of close to R10m have been achieved through energy efficiency programmes, packaging reductions, increasing recycled content in products and packaging, and through increased oversight of resource consumption and payments. Even greater savings are expected through new refrigeration technologies, water and energy savings, ongoing packaging reductions, and decreases in the use of plastic bags.

Positive positioning of Woolworths
Some successes have been noted in positioning the company as a responsible corporate citizen to a wide range of stakeholder groups. Customer tracking shows strong support for the *Good Business Journey*, while internal surveys show an increase in awareness around sustainability issues amongst employees, and good support for ethical business conduct.
Woolworths believes that the programme is a long-term differentiator and adds significantly to the value of the Woolworths brand.

Effects on the supplier chain: Making a difference in livestock farming
Many suppliers have been very supportive in investigating and implementing new practices. One example of the influence that Woolworths can have is in preventing conflict between predators and livestock farmers.

Awards and recognition

Finally, Woolworths has received a number of local and international awards for the programme including *International Responsible Retailer of the Year*, the *Mail and Guardian's Greening the Future* award, an energy efficiency award, inclusion in the JSE SRI index and a first place ranking in the South African Carbon Disclosure Leadership index.

Woolworths 2020 GOALS **Our Good Business Journey consists of over 200 targets and five headline goals.**				
CONTRIBUTE R3.5 BILLION TO OUR COMMUNITIES	SAVE 500 BILLION LITRES OF WATER	HALVE OUR ENERGY IMPACT BY 2020 AND SOURCE ALL OUR ENERGY FROM RENEWABLES BY 2030	RESPONSIBLE SOURCING OF ALL KEY COMMODITIES	HAVE AT LEAST 1 SUSTAINABILITY ATTRIBUTE FOR ALL DIRECTLY SOURCED PRODUCTS

https://www.woolworthsholdings.co.za/sustainability/our-good-business-journey/

1.1 Evaluate the following statement:
'Corporate responsibility' or 'sustainability' is a fundamental part of a company's governance practices. (20)

1.2 The 2009 King III report integrated governance, strategy and sustainability.
With respect to this, critically discuss whether Woolworths has achieved this integration with the "Good Business Journey". (20)

1.3 By considering the business case for Corporate Social Responsibility (CSR) assess whether the "Good Business Journey" demonstrates social responsibility or just good business practice. (10)

1.4 Evaluate the Woolworths 'Good Business Journey' initiative in terms of the four priorities and the 2020 goals. (15)

QUESTION TWO [20]

Critically discuss the implications of ethics in achieving organisational goals

QUESTION THREE [15]

Discuss the hallmarks of an effective integrity strategy and evaluate the utility for organisations of having an integrity strategy.

GOVERNANCE AND SUSTAINABILITY

12. ASSIGNMENT QUESTIONS: SEMESTER TWO (JULY – DECEMBER 2019)

12.2.1 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)

STRATEGIC MARKETING

12.2.2 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 UK and developing nations such as 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

12.2.3 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 toone 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.

INFORMATION AND KNOWLEDGE MANAGEMENT

12.2.4 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) <u>Supply Chain Management Strategy, Planning and Operation Sixth Edition</u> 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)

OPERATIONS AND SUPPLY CHAIN MANAGEMENT

12.2.5 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)

1.2 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)

1.3 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)

1.4 "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

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)	**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, Sidwadwa View
EASTERN CAPE (Queenstown)	**TBA**

REGION	EXAMINATION VENUE
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)	**Doctor Augustino Neto Drive** Ground Floor Ausspann Plaza Office Park, Unit 3
NAMIBIA (Ongwediva)	**University of Namibia** Oshakati Campus Eliander Mwatale Street Oshakati
NAMIBIA (Walvis Bay)	**THE LEARNING HUB** 60 Circumferential Avenue Walvis Bay

13.2 EXAMINATION DATES

MODULES	FINAL EXAMINATION	SUPPLEMENTARY/ AEGROTAT EXAMINATION
SEMESTER ONE		
LEADERSHIP AND HUMAN CAPITAL DEVELOPMENT	10 June 2019 09h00 – 12h00	15 July 2019 09h00 – 12h00
GOVERNANCE AND SUSTAINABILITY	12 June 2019 09h00 – 12h00	16 July 2019 09h00 – 12h00
ACCOUNTING AND FINANCE	13 June 2019 09h00 – 12h00	18 July 2019 09h00 – 12h00
STRATEGIC AND CHANGE MANAGEMENT	14 June 2019 09h00 – 12h00	17 July 2019 09h00 – 12h00
SEMESTER TWO		
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

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