

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER, 2005

COURSE TITLE : BUSINESS ENVIRONMENT
COURSE CODE : BA 111
TIME ALLOTTED : TWO HOURS
DEGREE AND YEAR : DIPLOMA IN COMMERCE (YEAR – 1)
I. D. E (YEAR – 2)

INSTRUCTIONS:

- 1. There are two sections in this examination: SECTION – A & SECTION - B**
- 2. Marks awarded are indicated at the end of each question**
- 3. Marks will be awarded for good communication and for the orderly presentation of your work**
- 4. Wrong and incorrect answer will not get marks**
- 5. Write the sub – heading and explain your answer clearly**

SPECIAL REQUIREMENT: WRITE YOUR LIST NUMBER WITHOUT FAIL

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION - A

INSTRUCTION : THIS IS A COMPULSORY SECTION (40 MARKS)

READ THIS CASE STUDY AND ANSWER ALL THE QUESTIONS GIVEN BELOW

CASE STUDY : BILLY OSBON'S NEW BUSINESS

BILLY OSBON HAD worked for the J.C. Penney Company for eighteen years when he decided to go into business for himself. Billy was forty-seven years old. He and his wife, Joyce, had two grown sons and another one fifteen years old. Billy knew the kind of business he wanted to be in—furniture and appliances. He was the general merchandise manager for the J.C. Penney store in Charleston, West Virginia. Before Penney's discontinued its furniture and appliances in 1983, he had managed that department in another, larger Penney store.

Billy felt that he was well qualified to run his own business. He had worked for years as a commissioned salesman. At the same time, he had managed other salespersons and had been responsible for product displays, inventory turnover, credit approvals, and many other aspects of business management.

Billy and Joyce had saved nearly \$10 thousand in cash. Their home was nearly paid for. Billy also had 300 shares of J.C. Penney stock, valued at \$52 a share.

Billy and Joyce had been actively looking for a business to buy for about three months when they learned of Garvan Appliance Company. Garvan Appliance was owned by Andrew Garvan, who was sixty-eight years old and had decided to retire. Andrew was offering his business for sale for only \$25 thousand, although monthly sales averaged about \$30 thousand.

The business was in a rented store in a small shopping centre on the outskirts of Charleston. When Billy talked with Mr. Garvan, he found that the furniture inventory of about \$80 thousand was financed with a local bank, and the appliance inventory was floor planned by General Electric. Under the floor-planning arrangement, General Electric finances the appliances in full and charges no interest as long as the inventory is turned over every ninety days. Billy knew that what he would really be purchasing with the \$25 thousand was a small amount of office equipment, a three-year-old delivery truck, and the company's good will.

After going over the financial statements for Garvan Appliance with his accountant, Billy decided that the business was probably a good deal. It was exactly what he and Joyce had been looking for. Joyce could keep the books and help out part-time, and he could be the main salesman. Mr. Garvan had said he would stay and help four hours a day until Billy felt that he could get along without him.

QUESTION

1. WHAT EXTERNAL ENVIRONMENTAL FACTORS WILL BILLY BE EXPECTED TO CONFRONT? (20 MARKS)

QUESTION

2. HOW CAN BILLY AND JOYCE OVERCOME THE PROBLEMS THAT MAY OCCUR? (20 MARKS)

SECTION – B

INSTRUCTION : ANSWER ANY TWO QUESTIONS ONLY

**EACH QUESTION CARRIES (30 MARKS)
(ESSAY TYPE ANSWERS)**

QUESTION – 3

- (A) DESCRIBE THE FOUR BASIC RIGHTS OF CONSUMERS? AND GIVE EXAMPLES OF EACH? (15 MARKS)
- (B) WHAT ARE THE MAJOR CAUSES OF SMALL BUSINESS FAILURE? TO WHAT EXTENT ARE LARGE BUSINESSES ABLE TO OVERCOME THESE FACTORS? (15 MARKS)

QUESTION – 4

- (A) EXPLAIN THE BASES FOR DEPARTMENTALIZATION? DISCUSS. (15 MARKS)
- (B) WHAT ARE THE STEPS IN OPERATIONAL PLANNING? (15 MARKS)

QUESTION – 5

- (A) WITH THE AID OF DIAGRAM, EXPLAIN MASLOW'S HIERARCHY OF NEEDS. (15 MARKS)
- (B) DISCUSS CLEARLY THE MAIN HUMAN RESOURCES MANAGEMENT ACTIVITIES? (15 MARKS)

QUESTION – 6

- (A) EXPLAIN THE DIFFERENT METHODS UTILISED BY INTERNATIONAL BUSINESSES IN ORGANIZING THEIR BUSINESS ACTIVITIES. (15 MARKS)
- (B) DEFINE THE TERM “MARKET”? CAN MARKETS BE CLASSIFIED? EXPLAIN. (15 MARKS)