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UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER (2005)

DEGREE/DIPLOMA AND YEAR OF STUDY: DEGREE V

TITLE OF PAPER: PUBLIC RELATIONS (BA523)

TIME ALLOWED: THREE (3) HOURS

EXAMINATION INSTRUCTIONS:

1. NUMBER OF QUESTIONS IN THIS PAPER: 6.
2. ANSWER SECTION A, WHICH IS COMPULSORY AND ANSWER ANY THREE (3) QUESTIONS FROM SECTION B.
3. THE MARKS AWARDED FOR A QUESTION/PART OF QUESTION ARE AS INDICATED AT THE END OF EACH QUESTION/PART OF QUESTION.

NOTE:

YOU ARE REMINDED THAT IN ASSESSING YOUR WORK, ACCOUNT WILL BE GIVEN OF THE ACCURACY OF RESPONSES, LANGUAGE AND THE GENERAL QUALITY OF EXPRESSION, TOGETHER WITH THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK !!!

Section A: (Compulsory)

SECTION A (COMPULSORY) Boxed in at Jack in the Box

Food poisoning is a food company's worst nightmare. When hundreds of customers complain of symptoms and three children die, the firm faces communications and other problems that are severe. Thus in January 1993, when Jack in the Box, a subsidiary of a Food Maker Inc., was besieged by customers in the North West who suddenly became ill after eating the company's hamburgers, the firm momentarily panicked.

Complaints began in Seattle and spiralled immediately. All told, some 800 people complained of food poisoning symptoms, with 477 infested by the painful and occasionally deadly-Escherichia coli 0157: H7, a bacteria that damages the kidneys.

Of those who complained, 144 were hospitalised. A majority of the seriously ill were children who had to undergo kidney dialyses for weeks. Three children died, but only one was directly linked to Jack in the Box.

Immediately upon being appraised of the situation, Jack in the Box voluntarily stopped selling all hamburger products in Washington State.

'Although this is an isolated case, we are taking every precaution to ensure that we meet and exceed Health Department's standards', said the company's Vice President in announcing the voluntary halt.

Three days later, as press reports of additional cases of bacterial infection emerged, Jack in the Box rushed its president to Seattle for a morning News conference. President Robert Nugent began the session by saying: 'I would like to express my deepest sympathies to those who have been stricken-especially the children. I pray that they all have a speedy and complete recovery'. President Nugent went on to describe the stellar historical record of Jack in the Box in Washington and then acknowledged that, 'The problem is in fact due to contaminated hamburger'.

However, the president suggested that the source of the contaminated hamburger was not Jack in the Box but rather a North Western meat supplier with whom the company dealt. Further, said President Nugent, although Jack in the Box was accused of "violating the State's cooking Page 3

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procedures," the facts were the following: "Our cooking procedures were established to comply with all federal and state regulations and have been in use for over 30 years. While the Washington State Health Department recently, and we think appropriately, upgraded their temperature regulations for hamburger, it is clear that Jack in the Box was not properly informed of this change."

At the height of the controversy, Food Maker, Inc., dismissed its long time public relations firm, describing the break-up as "differences in strategic direction." In the ensuing weeks, Jack in the Box established an 800 number for the public to receive direct information about the bacteria outbreak. It announced the hiring of a new supplier of hamburger meat for its restaurants in the Western United States. And Food Maker announced recorded first quarter earnings despite the Jack in the Box dilemma, to try to reassure the investment community.

The company's rebound was short lived. A few weeks later, at Food Maker's annual meeting, President Nugent was obliged to make an embarrassing disclosure. He corrected his earlier statement that the company "hadn't received" new state food heating regulations from the government officials. Rather, according to Nugent, the rules were "on file" at Food Maker's San Diego corporate headquarters. The Jack in the Box restaurant in Tacoma, Washington, site of the poisonings, apparently had also received a copy of the regulations in the mail.

Nugent said that a company vice-president failed to alert top management of the new cooking regulations, which weren't adhered to. Had the new regulations, which required cooking hamburger patties at 1550 F, been followed, the E.coli bacteria in the meat may have been killed. As the gravity of the Jack in the Box situation began to sink in, Food Maker's stock plummeted and the company hit hard times. By June, 40 lawsuits in Washington, California, Idaho, and Nevada had been filed against Food Maker. The company immediately settled with the family of a 17 month old boy whose death was attributed to a secondary infection picked up from another child, who had eaten at Jack in the Box.

Jack in the Box now sought to recover from its early missteps. It announced a program to pay the hospital costs of all customers hospitalised as a result of eating contaminated hamburgers. Said President Nugent, "We are committed to meeting all of our responsibilities in connection with this devastating situation. We are prepared, to pay all hospital costs for our customers who have