

COURSE CODE BA111 (S) 2007

UNIVERSITY OF SWAZILAND

DEPARTMENT OF BUSINESS ADMINISTRATION

SUPPLEMENTARY EXAMINATION PAPER 2007

YEAR OF STUDY: D.COM (YEAR 1/IDE YEAR 2)

TITLE OF PAPER: BUSINESS ENVIRONMENT AND SOCIETY

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS:

- 1. This paper consists of section A and B.**
- 2. The cases study question – Section A, is compulsory.**
- 3. Answer any two questions from section B.**

NOTE: Marks will be awarded for good communication of English and for orderly presentation of work.

This examination paper should not be opened until permission has been granted by the invigilator.

SECTION A (COMPULSORY): ANSWER ALL QUESTIONS IN THIS SECTION

Mandla Dlamini, manager for Community Affairs at FNB, was facing a problem. FNB had recently acquired another local bank, Home Savings Bank. FNB's senior management was in the process of reorganising the company's retail banking operations, and some branches were sure to be consolidated. Located in a small country, Swaziland, FNB had a good reputation for community involvement and solid financial performance. The decision to re-organise the bank's branches made economic sense, but Mandla was troubled by how it would affect a number of local neighbourhoods. He was concerned about two branches in the country.

The Nhlanguano Branch

This was a small Home Savings branch. The problem was obvious: The neighbourhood was old and on the decline. Home Savings had not modernised the facility for many years, and a major upgrade was essential to improve the rundown facility. Mandla thought the cost would be as much as E1,000,000. It was unclear whether financial potential of the neighbourhood warranted such an investment. Home Savings was the last bank to have Nhlanguano branch; all of the other banks had closed their branch offices at least five years ago. If the local office was closed, Nhlanguano customers could use FNB's branch in Manzini, about an hour by public transport from Nhlanguano.

Siteki Branch

Mandla was also concerned about the branch office located in Siteki. This was a poor neighbourhood, with an average income of E1,500 per household. Many of Siteki residents were living on welfare and public assistance. Home Savings bank also had a branch in Simunye, where there is a lot of commercial activity. FNB had not offered local branch banking here in more than a decade. One of the senior executives had talked about closing the branch, replacing it with four ATMs conveniently located in Siteki shopping complex. The move would eliminate a total of 20 jobs at the branch. Only a few of these employees were likely to find other jobs within the bank. Mandla understood that about half of the employees in the branch lived in Siteki.

Other factors

Nhlanguano residents had organised a group of picketers in front of the Home Savings branch a few days after the merger announcement was made. Swaziland Television and Broadcasting and Services sent a crew to cover the story. One local resident who was interviewed said, "FNB just hates old people, and old people are all that lives in Nhlanguano! They care more about money than people."

FNB had also received angry phone calls from several city officials. Musa Mavuso, an elected member of the town council whose area included both Nhlanguano and Siteki neighbourhoods was especially unhappy about the bank's plan. He questioned whether the bank was acting in good faith towards all the town's residents. During a television interview he said, "It's wrong for this bank to cut the heart out of neighbourhoods by

replacing people with ATMs.” Mandla Dlamini knew and respected Musa, but also recognised the political visibility this issue was providing as an ambitious elected official.

FNB operated under the regulatory supervision of the Central Bank and the Banking Association. The bank had a good record with these authorities, but the branch reorganisation plan clouded the picture. Under the government re-investment act, FNB had to disclose where its deposits came from and where they were being invested. This was to help ensure where money was being fairly reinvested in communities where depositors lived and worked. The law gave banking officials some leverage to force banks to pay attention to local community needs.

The Nhlngano protest and phone calls from Siteki residents and merchants had gotten the attention of Central Bank officials who needed to approve FNB’s branch closings. The Central bank governor had given a number of speeches urging banks to invest at local towns, in people as well as technology. The traditional test of banking officials was whether the financial solvency of the bank would be improved or harmed by proposed actions. These communities were raising different issues.

Questions

- (a) Who are stakeholders in this case? Which are primary, and which are secondary? What influences do the stakeholders have on the bank? How are they related to each other? (20 marks)
- (b) Compare the business and social considerations in the Nhlngano and Siteki communities. Which branch seems to be more important to the community? Are there differences between the two situations? (20 marks)

SECTION B: ANSWER ANY TWO QUESTIONS FROM THIS SECTION

Question 1

- (a) What is business ethics? Why is it important for businesses to be ethical? What programmes are available in the business world to stop unethical behaviour? (15 marks)
- (b) Why is it important for a company to manage public issues? Briefly describe the life cycle of public issues. (15 marks)

Question 2

- (a) There has been a major concern about sustainable development in the world. Briefly describe sustainable development and how, if not done, it can become a threat to the earth's ecosystem. (15 marks)
- (b) All companies have to be careful to balance the ecosystem to ensure sustainable development. Briefly describe three causes of environmental degradation. (15 marks)

Question 3

- (a) There has always been an argument about women managers being not as effective as men managers. Do you agree to the argument? Discuss critically. (15 marks)
- (b) What can companies do to ensure that women are given equal opportunities at work, like men? (15 marks)

Question 4

- (a) What is the role of government in business? Mention three roles only. (15 marks)
- (b) Do you believe it should be compulsory for all employees to be tested of HIV/AIDS before they join formal employment? Discuss. (15 marks).