

# UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION

SUPPLEMENTARY EXAMINATION - JULY 2008

**COURSE TITLE** : BUSINESS ENVIRONMENT AND SOCIETY  
**COURSE CODE** : BA 111 - FULLTIME and IDE  
**CLASS** : DIPLOMA IN COMMERCE  
**TIME ALLOWED** : TWO (2) HOURS

**INSTRUCTIONS:**

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. SECTION (A) IS COMPULSORY
3. ANSWER ANY TWO (2) QUESTIONS FROM SECTION B
4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FOUR (4)

**NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION  
IN ENGLISH AND FOR ORDERLY PRESENTATION**

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR  
HAS GRANTED PERMISSION

## SECTION A

Anita Roddick and her husband Gordon own more than \$120 million worth of stock in their company, The Body Shop, but by her own admission, Anita doesn't "give a toss about the money." Unlike most companies in The Body Shop's business-selling body lotions and shampoos-that rely heavily on marketing, The Body Shop never spends a cent on advertising and doesn't even have a marketing department. In an industry that thrives on "secret formulas" and sells products by displaying beautiful models with perfect skin, The Body Shop sees education as one of its major goals and covers its shop walls with posters of rain forests, not sexy models. What's the secret behind these apparent contradictions? Although Gordon actually runs the company, he and everyone else who deals with The Body Shop recognize that Anita is the company's magic. It's not just that she has a charismatic personality and the kind of energy that could turn a \$6,000 investment into a multimillion-dollar fortune in just over a decade. The woman is passionately committed to what her company does, and she has been able to infect both employees and customers with her fervor. Roddick does things not because they make a profit or help her company look well or earn her a reputation for being socially responsible. She does them because she believes they are right. No gap divides the policies her company pursues and her personal beliefs in such principles as feminism, environmentalism, and the rights of native peoples. Because of her belief in education, The Body Shop outlets offer cards, pamphlets, and videos about products and ingredients. The shops avoid hard-sell hype and are basically self-serve. Each shop does have staff trained at the company's London training center, where they learn about what goes into their products and what those products do, not how to sell them.

Roddick's dedication to animals and the environment takes her well beyond other companies' commitments to avoid animal ingredients and to stop testing products on animals. She dedicates herself to her beliefs, even if they have nothing to do with her company. Whatever the cause-saving the whales or working for the survival of Brazilian Indians-Roddick devotes her time and money, educating the public with messages on company trucks and sometimes leading employees in public demonstrations. She believes in helping developing communities, both in Third World countries and in impoverished communities in the industrialized world, through trading with them. Acting on this belief, The Body Shop built a soap factory in a high-unemployment section of Glasgow, Scotland. It also sent people to Nepal to teach the Nepalese an alternative way to make paper, using the water hyacinths clogging their waterways instead of cutting down scarce trees.

Roddick is quick to admit that she knew nothing about the Brazilian rain forests or ozone depletion until

a few years ago. Nevertheless, her crusades are based on knowledge and experience, not on a sense of what is trendy or politically expedient. The company's policy of selling its products in refillable bottles might seem to be a response to recent pressures to recycle but in fact it began because at startup the company couldn't afford to buy all the new bottles it needed. Ingredients for most of the company's products come from the Third World, not because she wants the products to sound exotic but because during extensive travels before starting the company she saw that local unorthodox approaches to personal care-such as washing your hair with mud-often worked.

Unlike many environmentalists, Roddick sees no fundamental conflict between business and environmental concerns. In fact, she believes businesses should lead the way in solving the world's problems. Such a belief is unusual-perhaps even unique - among the world's multimillionaires, but Roddick already has thousands of customers and employees who believe in her vision. Perhaps the success of The Body Shop will encourage other companies to follow her lead.

1. Which social responsibility strategy is The Body Shop pursuing? (15 MARKS)
  
2. What role does enlightened self-interest play in this case? (5 MARKS)
  
3. Judging from what you have just read, what instrumental and terminal values drive Anita Roddick? (10 MARKS)
  
4. What lessons can the average manager learn from Roddick? (10 MARKS)

## SECTION B

1.
  - I. A well-conceived AIDS policy must have at least 3 key components. Explain these components. (15 MARKS)
  - II. Planet Earth is becoming a key concern for environmentalists and other pressure groups. Businesses are being forced to consider the overall effects their operations have on the planet. Mention 5 points why you think this issue must concern businesses at all. (15 MARKS)
  
2.

Given the high levels of uncertainty in the business environment, discuss 5 strategies that a company can employ to meet the challenges that arise outside the organization (30 MARKS).
  
3. Discuss, using examples, 4 social responsibility strategies. (30 MARKS)