

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**SUPPLEMENTARY EXAMINATION PAPER, JULY 2010**

- TITLE OF PAPER** : **BUSINESS ENVIRONMENT**
- DEGREE AND YEAR** : **DIP.COMM 1 /IDE LEVEL 1**
- COURSE CODE** : **BA 111**
- TIME ALLOWED** : **THREE (3) HOURS**
- INSTRUCTIONS** :
- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B).**
  - 2. THE CASE STUDY ON SECTION (A) IS COMPULSORY. TOTAL MARKS POSSIBLE : 60 MARKS**
  - 3. ANSWER ANY TWO QUESTIONS FROM SECTION (B): TOTAL MARKS POSSIBLE : 40 MARKS**

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

**DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.**

## SECTION A. - COMPULSORY

### TIGER BRANDS

In early 2008, Tiger Brands was ordered to pay a R98, 7-million penalty by the Competition Commission after admitting to participating in bread and milling cartels. Tiger Brands also agreed to assist the commission in prosecuting remaining cartel members who had not cooperated with the commission.

The discovery of the cartel's existence came about after Western Distributors had lodged a formal complaint with the Competition Commission that they were unable to compete with the other players, such as Tiger Brands, because these players charged very low prices. In fact Western Distributors argued that Tiger Brands, although a market-leader, was engaged in anti-competitive behaviour in an attempt to solidify its already huge market-leader advantage.

The initial response to the accusation was denial from Tiger Brands management. Management categorically dismissed these allegations and noted that they enjoyed a market-leader position by being the best in what they do and doing it at a lower cost compared to other organizations they competed with; not only in the bread and milling industry but in the other industries that they operated in as well, such as the fresh produce market and the canned food industry - to mention a few.

However, as evidenced began to surface and the Competition Commission tightened its grip on the investigations, Tiger Brands gave in and surrendered information relating to the cartel's existence.

Premier Foods, another S.A. based food producer, was also granted conditional leniency from prosecution in exchange for assisting the commission in its investigations. And it would seem the cartel had only the top food producers as members, with the smaller companies, such as Western Distributors being shut out.

The commission said the administrative penalty imposed on Tiger Brands amounts to 5, 7% of its national turnover for bread operations for the 2006 financial year. The company was expected to pay the R98-million as a once-off payment within 30 days of confirmation of the penalty by the Competition Tribunal.

*Case adapted from Financial Mail magazine, 2008*

Question 1.

- A. What are 3 key functions of anti-trust laws? *(15 marks)*
- B. Based on your understanding of this course and on the topic on antitrust, what were the benefits to the consumer, of the above decision by the Competition Commission? *In detail, clearly explain, under headings, only 3 benefits. Be relevant to the situation presented in the case.* *(30 marks)*
- C. What could be seen as a benefit to shareholders of Tiger Brands? *(5 marks)*
- D. What could be the short-term disadvantages of this decision to consumers? *Explain under headings, only 2.* *(10 marks)*

## SECTION B – ANSWER ANY 2 QUESTIONS

### Question 2

Explain, using an appropriate example for each situation, 4 potential challenges of workplace testing. (20 marks)

### Question 3.

Four workers are absent from work. Worker A has been away from work for two days because he has been attending the annual Marula festival. Worker B decides to absent himself from work because, based on his spiritual beliefs, he is convinced that the devil will be sending a catastrophe to his workplace. Worker C is absent because he is a sickly individual, and Worker D was told this morning that his maternal uncle has passed away, hence his absenteeism. Are you going to punish the workers? Use 2 views of ethical behaviour to explain how you would handle each situation/ worker. (20 marks)

Suggested answer layout

VIEW: \_\_\_\_\_ (2 mark)

DECISION ON –

Worker A : \_\_\_\_\_  
Reason : \_\_\_\_\_ (2 marks)

Worker B : \_\_\_\_\_  
Reason : \_\_\_\_\_ (2 marks)

Etc.

### Question 4

Demographic conditions are one of the macro environments that affect an organization. List 4 components of this macro environment and under each component explain how it affects an organization. (20 marks)