

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**

MAIN EXAMINATION 2015

IDE.

**TITLE OF PAPER : BUSINESS ENVIRONMENT**  
**COURSE : BA111**  
**DEGREE AND YEAR :IDE BCOM1**  
**TIME ALLOWED :THREE (3) HOURS**

**INSTRUCTIONS:**

- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**

**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 [COMPULSORY]****READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW****OLD MUTUAL**

Old Mutual, the South African life assurance giant, has been the largest life office in South Africa for 150 years. However, of late Old Mutual's lead has been slipping, and it is facing some daunting challenges:

- The younger generation regards life products as old fashioned and inflexible, and there has been a general decline in the propensity to save.
- Low inflation made it impossible to achieve the returns promised to customers when policies were sold. In addition to this, high charges could no longer be 'hidden' when returns declined. This led to a general disillusionment with life products and many customers surrendered their policies in favour of other investment options, such as deposits and unit trust products.
- Competition has been increasingly tough. Liberty Life has been growing its market share at the expense of Old Mutual and Sanlam, and banking based groups have been taking the lead in the unit trust markets.
- Old Mutual has been poorly positioned to compete in certain key markets. Sales in the lucrative corporate market have been disappointing, while it was also not ideally positioned to address the biggest opportunity in this business- the emerging black middle class.
- Old Mutual has not yet succeeded in securing a suitable black economic empowerment (BEE) partner. This has resulted in substantial pressure from corporate and parastatal clients to improve its BEE credentials.

**QUESTION 1**

- a) Identify the elements of the external environment that are impacting on Old Mutual? (20 MARKS)
- b) What is the difference between an opportunity and a threat? Discuss with inference to the case above. (20 MARKS)

## **SECTION B**

**ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION**

### **QUESTION 2**

Differentiate internal stakeholders from external stakeholders, giving examples  
(20 MARKS)

### **QUESTION 3**

Discuss with examples the elements of the internal environment. (20 MARKS)

### **QUESTION 4**

Discuss the most commonly accepted principles of corporate governance.  
(20 MARKS)

### **QUESTION 5**

Employee stress is a major issue that negatively impacts individual welfare and productivity in the workplace. What strategies can companies come up with to manage stress in the workplace?  
(20 MARKS)