

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
FIRST SEMESTER EXAMINATION 2016

TITLE OF PAPER : GLOBAL MARKETING ENVIRONMENT

COURSE : BA 326/BA425

DEGREE AND YEAR : BCOM 3& IDE BCOM 4&6

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**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

**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****CHEAP IMPORTS THREATEN SA POULTRY PRODUCERS**

Johannesburg - South Africa's poultry industry is battling for survival in the face of stiff price competition from producers in Brazil, the European Union and the United States, as well as the worst drought in a century, the industry association said. The June scrapping of 15 years of punitive duties on US chicken imports opened the door to 65 000 tonnes a year, adding to products from the EU and Brazil.

Though Africa's most industrialised country consumes the most chicken on the continent and local producers cannot keep up with rising demand, many are facing the threat of closure because of an import-driven price war. "This year alone, more than 1 000 jobs have been lost and we are expecting that up to 4 000 more will be lost by the end of this year," Lovell said. About a dozen smaller producers have closed or been sold, he added.

Domestic producers have long cried foul over cheap imports by overseas companies dumping bone-in portions, popular locally but generally considered undesirable by consumers in the US and Europe.

Other industry officials told Reuters that imported chicken costs much less than local produce, though the prices on supermarket shelves are the same.

"At the factory gate level it (the price difference) is substantial," Lovell said.

Leading South African producer Astral, based near Pretoria, has said that it had to cut jobs because of the record level of imports and rising feed costs as the region has been ravaged by drought.

South African crop planting, including yellow maize used in poultry feed, were hit hard by the drought, stoking inflation.

Poultry imports for the first half of 2016 totalled 288 081 tonnes, with the EU accounting for 45.5% and Brazil contributing 43.2%. The remainder was mostly imported from the United States.

RCL Foods on Tuesday reported a 12.2% drop in full year profit, blaming an over-supplied domestic market and high feed prices.

"We are not enjoying a very level playing field in that space, so pricing is under a lot of pressure and feed costs are driven by the drought," said financial director Rob Field.

Adapted from: <http://www.fin24.com/Economy/cheap-imports-threaten-sa-poultry-producers-20160902>

QUESTION 1

- a) Considering the case above, discuss the reasons that may justify the need for government intervention in the form of protectionism. (20 MARKS)
- b) What trade barriers can the government of South Africa institute in order to discourage the import and dumping of chickens in the country? (20 MARKS)

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

The poorest countries in the world are generally at a competitive disadvantage in most sectors of their economies, and have very little to export competitively. Can free trade be in the interest of such countries? Discuss. **(20 MARKS)**

QUESTION 3

- a) Swaziland has not regained its eligibility to the African Growth and Opportunity Act (AGOA). Discuss the implications of the above statement for Swaziland. **(10 MARKS)**
- b) Swaziland recently hosted the 36th Southern African Development Community (SADC) summit in August 2016 whereby the king was appointed chairperson of the organisation. Describe the purpose of SADC and how you think it can help enhance economic integration in the region. **(10 MARKS)**

QUESTION 4

Discuss Hofstede's cultural typologies and explain how it can help global marketers better understand foreign culture. **(20 MARKS)**

QUESTIONS 5

Any company doing business outside its home country should carefully study the political culture in the target country and analyze salient issues arising from the political environment. Discuss the main factors to consider in assessing the dominant political climate within a country. **(20 MARKS)**