

**UNIVERSITY OF ESWATINI**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**MAIN EXAMINATION**  
**NOVEMBER 2019**

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**TITLE OF PAPER** : **BUSINESS ENVIRONMENT**

**DEGREE** : **B.COMM**

**COURSE CODE** : **BUS 305**

**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: 40 MARKS**  
**3. ANSWER ANY THREE QUESTIONS FROM SECTION (B); TOTAL MARKS POSSIBLE: 60 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

Read the following case study and answer the questions below

Emseni Youth Association responded to the call by the Eswatini Government to pursue entrepreneurship as an alternative to wage employment in an effort to combat the problem of unemployment, which has reached an all-time high of 60 percent amongst young people. The Association managed to mobilize 10 members who each contributed 1000 Emalangeni and upon discussion, resolved to use the funds to start a vegetable production business. They had all grown up in the rural area of Sigombeni which is predominantly dependant on agriculture for livelihoods, hence they believed that they all had the necessary basic agricultural skills. Two of them were graduates of the University of Eswatini and had majored in Horticulture and had influenced the group towards vegetable productions. The group decided that the first step was to develop a business plan that they could submit to the Eswatini Youth Fund and other potential financiers for funding as they realised that their contributions were insufficient. However they were not even certain of the total funds they needed to start the business. They approached a consultant to assist them as they did not have the skills to develop a plan.

They proceeded to discuss the logistics on how they would implement their business beginning with the land on which production would take place. The Sigombeni area is under Swazi Nation Land which is communally owned by the chiefdom and under the custodian of the local chief who rules in consultation with the inner council. The association was informed that they needed to present their request to the community meeting which meets weekly so that they can be allocated a piece of land. None of them had ever attended the community meetings as they had never realised the importance of doing so and had thought that only homestead owners needed to do so. They found it difficult to approach the elders of the council. When they finally mustered the courage to do so, they found strong opposition from some community members who felt that young people were responsible for most of the community social ills such as marijuana cultivation and would misuse the land.

Upon consultation at the Ministry of Agriculture, they were also informed that as an association, they needed to register the business and obtain a trading license if they wanted to sell their produce to the local Agricultural Marketing Board. This proved to be cumbersome and expensive as they had to travel to the capital city of Mbabane to obtain registration forms and they all had to submit tax clearance certificates which they did not have since they were unemployed.

The consultant gave them a list of equipment and tools that they would need for the business which included the installation of an irrigation system, water pumps and laying of pipes, and sprinklers to transmit water to the fields. They were also told that the field needed to be fenced to protect the crop from animals. None of the association members knew how to do all these complex jobs. They resolved to start with field crops under rain-fed conditions to avoid irrigation. They identified dry maize, beans, potatoes, sweet potato as the field crops to produce. However by Christmas the rains had not begun and yet the summer season had begun in September. They also could not secure potato seeds as these needed to be bought from the Republic of South Africa and an embargo on potato imports was in force due to a potato disease that afflicted RSA farmers. Eventually the two graduates secured wage employment from the government and left the group. The association ended up aborting the

project for the year as they were not ready or maybe the macro environment was not conducive for the business??

#### Question 1

1. Identify and explain all the macro environmental factors that limited the ability of the association to succeed in establishing and operating their business (25 marks)
2. Recommend ways in which the association could ameliorate these challenges (15 marks)

#### SECTION B (Answer any 3 questions)

#### Question 2

Risk management has assumed an important position in most corporate environments and efforts are made to establish optimal risk management frameworks and strategies in order to optimize the expected business returns subject to the risks involved.

- (a) Use examples to discuss the primary risks common to all types of businesses (10 marks)
- (b) Briefly describe the elements of a risk assessment process (10 marks)

#### Question 3

Corporate performance reporting has evolved to better articulate the broader range of measures to include the creation of intangible value, and the impact of a company's activities on society as a whole. Robert Kaplan (1992) developed a performance measurement tool to integrate intangible values of a company, named the Balanced Score Card (BSC). Analyse the BSC measures and the corresponding outcomes each measure is designed to assess. (20 marks)

#### Question 4

CSR by corporates is founded on the concept that business has social obligations above and beyond making profit. Discuss CSR strategies using examples and give an opinion regarding the value or benefit of each strategy to society. (20 marks)

#### Question 5

Competitors are entities in the market environment which provide primarily the same type of products as the organization, and secondarily substitute products. Depending on the market position of the organization, it can either have an upper hand or will always have to follow what competitors dictate. Discuss the factors that determine and influence the power of competitors and the impact of these factors on the competitiveness of a business. (20 marks)