

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

SUPPLEMENTARY EXAMINATION PAPER, 2006

COURSE TITLE : BUSINESS ENVIRONMENT
COURSE CODE : BA - 111 & (I.D.E. – BA - 111)
TIME ALLOWED : TWO HOURS
DEGREE AND YEAR : DIPLOMA IN COMMERCE (YEAR – 1)

INSTRUCTIONS:

- 1. There are two sections in this examination: SECTION – A & SECTION – B**
- 2. Marks awarded are indicated at the end of each question**
- 3. Marks will be awarded for good communication and for the orderly presentation of your work**
- 4. Wrong and incorrect answer will not get marks**
- 5. Write the sub – heading and explain your answer clearly.**

SPECIAL REQUIREMENT: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION – A

INSTRUCTIONS: THIS IS A COMPULSORY SECTION (40 MARKS)

**READ THE CASE STUDY AND ANSWER THE
QUESTIONS GIVEN BELOW:**

CASE STUDY : BILLY OSBON'S NEW BUSINESS

BILLY OBSON had worked for the J.C. Penney Company for eighteen years when he decided to go into business for himself. Billy was forty-seven years old. He and his wife, Joyce, had two grown sons and another one fifteen years old. Billy knew the kind of business he wanted to be in—furniture and appliances. He was the general merchandise manager for the J.C. Penney store in Charleston, West Virginia. Before Penny's discontinued its furniture and appliances in 1983, he had managed that department in another, larger Penney store.

Billy felt that he was well qualified to run his own business. He had worked for years as a commissioned salesman. At the same time, he had managed other salespersons and had been responsible for product displays, inventory turnover, credit approvals, and many other aspects of business management.

Billy and Joyce had saved nearly \$10 thousand in cash. Their home was nearly paid for. Billy also had 300 shares of J.C. Penney stock, valued at \$ 52 a share.

Billy and Joyce had been actively looking for a business to buy for about three months when they learned of Garvan appliance Company. Garvan Appliance was owned by Andrew Garvan, who was sixty-eight years old and had decided to retire. Andrew was offering his business for sale for only \$ 25 thousand, although monthly sales averaged about \$ 30 thousand.

The business was in a rented store in a small shopping centre on the outskirts of Charleston. When Billy talked with Mr. Garvan, he found the appliance inventory was floor planned by General Electric. Under the floor-planning arrangement, General Electric finances the appliances in full and charges no interest as long as the inventory is turned over every ninety days. Billy knew that what he would really be purchasing with the \$25 thousand was a small amount of office equipment, a three-year-old delivery truck, and the company's good will.

QUESTIONS – 1

What external environment factors are Billy expected to confront. (20 Marks)

QUESTION – 2

How can Billy and Joyce overcome the problems that may occur? (20 Marks)

SECTION – B

INSTRUCTIONS : ANSWER ANY TWO QUESTIONS ONLY (60 MARKS)
EACH QUESTION CARRIES (30 MARKS)
ALL ESSAY TYPE ANSWERS.

QUESTION – 3

- (A) Describe and give an example of each of the six basic rights of consumers. (15 Marks)
- (B) Identify and compare the four forms of competitions. (15 Marks)

QUESTION – 4

- (A) Explain the methods of engaging in international business. (15 Marks)
- (B) What are the major advantages of small business? Explain. (15 Marks)

QUESTION – 5

- (A) Define management and describe the basic management functions. (15 Marks)
- (B) Describe the various causes of productivity declines. (15 Marks)

QUESTION – 6

- (A) Explain the major issues covered in a union – management contract. (15 Marks)
- (B) What are the elements of the marketing mix? In what sense are they controllable? (15 Marks)