

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER, NOVEMBER 2010

TITLE OF PAPER : BUSINESS ENVIRONMENT

DEGREE AND YEAR : DIP.COMM 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: 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

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SECTION A

THE CONSUMER PROTECTION ACT (CPA) OF SOUTH AFRICA 2010

The Consumer Protection Act came into effect in October 2010 and affects everything to do with the running of businesses. The Act defines all types of consumers and looks at all relationships in the supply chain, from importers and manufacturers. All recipients of goods and services are classed as consumers. The CPA takes aim at companies supplying substandard services or products. The definition of standard is clear, and quality is no longer a differentiating attribute but a requirement to trade.

Some of the critical requirements stipulated under the Act relating to products and service include the obligation by sellers to inform customers through packaging regarding potential hazards, clearly mark merchandise with the correct price, ensure that products are of fair value and safe, inform consumers if goods are substandard and if they are not protected by any returns. If a customer insists on using an item for purposes other than its intended use, they must be told of the risks and that they may, as a result not be protected under the CPA.

Related to the marketing of the products or services, the CPA stipulates amongst others, that all payments made by the customer are to be accrued to the customer and do not belong to the seller, only when goods have been delivered can the seller take ownership of the monies paid. Competition must be fair, relevant and have no undisclosed conditions. Unsolicited marketing is no longer allowed. You can not charge items sent to potential customers unsolicited by them. Retailers can charge a non-refundable service fee for special orders or requests if this is disclosed at the start of the transaction.

Operational stipulations are that all contracts must be written in plain language so that they can easily be understood by customers. "Voetstoots" or agreeing to buy something as is no longer allowed in contracts. Contracts can not force customers to give up their rights. Full sale records must be made available to the customer. Customers can return goods if they were not given the opportunity to examine them before delivery.

Failure to comply with the provisions of the CPA by sellers can result in a fine of R10 million or 10% of annual sales. Consumers may also bring claims for compensation to the seller.

Questions

- a. Discuss the key rights of consumers and identify the provisions of the CPA that address these key rights. Give reasons for your responses (20 marks)
- b. Identify the inadequacies in the CPA definition of consumers. How can it be expanded and improved to encompass all consumers? (10 marks)
- c. Are anti-trust provisions comprehensively addressed in the section about competition? How should they be addressed? (10 marks)

SECTION B

1. The world is said to have become a global village. Business performance is greatly affected and influenced by events that occur in the international arena. Discuss, using examples, the factors in the international arena, that affect businesses in Swaziland. (20 marks)
2. Why is it important for businesses to have HIV policies? Explain the effects of HIV in the business place? What are the provisions of a good company HIV policy? (20 marks)
3. Corporate Social Responsibility (CSR) is defined as an obligation over and above that required by law and economics, to pursue social objectives that are good for society. Discuss the arguments for and against CSR. (20 marks)
4. It is important to inculcate and pursue high levels of ethical standards in conducting business and related activities. How can businesses maintain such standards? (20 marks)