



SCHOOL OF BUSINESS, ECONOMICS AND MANAGEMENT

BBA 140 BUSINESS ENVIRONMENT

END OF SEMESTER FINAL EXAMINATION

Date: JUNE, 2018

Time:

Time allowed: 3 HOURS plus 10 minutes Reading Time.

Instructions to Candidates:

- 1. Read the instructions carefully.**
- 2. Check that you have the correct examination paper in front of you.**
- 3. Answer question ONE (1) in SECTION A, and ANY THREE (3) questions from SECTION B.**
- 4. All questions must be answered in the answer booklet provided only.**
- 5. Write down the number of questions that you have answered on the cover of the examination answer booklet.**
- 6. Begin each question on a new page.**
- 7. Non-programmable calculators are allowed.**
- 8. No other books, files or mechanical / electronic aids are permitted.**
- 9. There shall be no form of communication among students during the examination. Any students caught doing this will be disqualified.**

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

Question One (Case Study)

Big Mac tops 'unethical' poll

British consumers believe that McDonald's is the least ethical of high-profile corporations, according to a new survey. The unwanted tribute follows sustained criticism of the burger giant's unhealthy fare and provides further evidence that McDonald's - for years the most successful retail brand in the world - is increasingly out of step with a body-conscious society.

McDonald's tops the poll ahead of other 'bogeyman' companies such as Shell and Nestle, according to the Ethical Index compiled by market research firm The Fraser Consultancy. Based on a survey of more than 1,300 consumers, it is the first to rank UK and overseas brands according to their 'ethical profile'. McDonald's has suffered dreadful PR in recent years, thanks in part to the hit documentary Super-Size Me, which chronicled its presenter's decline into ill-health after a sustained diet of burgers and fries.

The fast food chain has been accused by health campaigners in America and Europe of helping to cause an obesity epidemic. It strongly denies the charge and has made strenuous efforts to revamp its menu along healthier lines, with only limited success; in Britain, McDonald's recently announced it was closing 25 restaurants.

Other companies to feature in the 'least ethical' top 10 include oil giants Shell and BP, which are often criticized by environmentalists; footwear company Nike, whose suppliers in Asia were accused of using child labor; Nestle, whose sale of powdered milk in the developing world sparked a furor more than a decade ago; and - more surprisingly - Camelot, the lottery operator.

The findings come despite efforts by many of these companies to embrace new codes of practice and 'ethical trading', and suggest that old controversies linger in consumers' minds for many years. American Express also features in the top 10, although Karen Fraser, head of The Fraser Consultancy, said consumers had taken note of its new Red card, fronted by rock star Bono, which funnels donations to Aids charities in Africa.

The research also suggests consumers distrust the advertising and marketing of all of the high street banks except the Co-operative Bank. Most people questioned in the survey rated Tesco and the other leading supermarket chains as having 'neither good nor bad ethics'. 'People are thinking before they shop with a company,' said Fraser. 'At the moment a large proportion of consumers feel conflicted: they have ethical concerns about certain companies, but still buy their products. If alternatives that are seen as more ethical become available, though, many of these companies will be vulnerable.'

Fraser's research also reveals that corporate social responsibility issues are taken seriously by readers of The Observer more often than by those of any other newspaper. According to the findings, 80 per cent of Observer readers have discussed the ethical conduct of companies in the past month. Readers of the Guardian, The Observer's sister paper, come second in the poll, with 75 per cent discussing business ethics; the figure for the Financial Times, in third place, is 72 per cent. The survey coincides with the Observer Ethical Awards, launched in February in association with Ecover, which have so far polled thousands of votes across six categories. These range from Ethical Retailer of the Year to Innovation of the Year, are nominated by readers, and will be adjudicated by a panel of experts and celebrities and winners will be announced.

(Source: The Fraser Consultancy)

Required

- a) What do you think was the motivation for ethics activists in pursuing organizations like McDonald's and others cited in the above case?
[4 marks]
- b) An Economist Milton Friedman writes, *"There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."*

As a student of business, discuss this statement by providing arguments for and against the need for companies like McDonald's to adopt CSR in their operations.

[10 marks]

- c) Studies have shown that ethics is important to businesses for many reasons. Outline any five (5) ways in which McDonald and the other organizations cited in case can manage and improve their ethical performance. [10 marks]
- d) The Moral rights approach holds that an action is good if it is done for the sake of what is right. Describe any five (5) rights of an individual in a work environment. [10 marks]
- e) Values are abstract ideals that shape ones thinking and behavior and form a basis for ethical conduct.
- Distinction between instrumental values and terminal values using appropriate examples. [6 marks]

[TOTAL: 40 MARKS]

SECTION B (Answer Any Three Questions)

Question Two

Cabinet Secretary of Kenya's Ministry of Industrialization and Enterprise Development Adan Mohamed believes Zambeef Products has the potential to be a Pan-African brand, capable of feeding the entire continent. *"This is an incredible operation. Zambeef is a business that is African, Zambian, with international presence being listed on the London Stock Exchange. It is an impressive story. Africa continues to remain the future food hub of the world and Zambeef is well positioned to not only feed the nation but the entire continent,"* he said.

In light of the above statement, discuss the international forces that Zambeef Plc should consider as it positions itself to feed the entire continent.

[TOTAL: 20

MARKS]

Question Three

In 2017, Barclays Bank Zambia Plc announced that it was the recipient of the 2017 Best Commercial Bank and 2017 Best Corporate Social Responsibility Initiative awards by International Finance Magazine (IFM). Commenting on the awards, Barclays Bank Zambia Plc Managing Director, Mrs Mizinga Melu said, “These awards are a perfect way to end the year and are a reflection of the work that we have put in to change the banking experience of our customers. This year our focus has been driving the delivery of superior and convenient banking solutions whilst making a difference in the communities we operate in. We are proud to receive these prestigious awards that are a great addition to the other accolades that have been conferred to us as a way of recognizing the hard work we have put in adding value to our valuable customers, partners and stakeholders.”

Required

- (a) What does social responsibility involve? [4 Marks]
- (b) Other Banks in Zambia don't seem to be proactive in CSR initiatives. Based on models that you have studied, what advice you would give to management of these Banks. [6 Marks]
- (c) Discuss the possible long-run benefits for socially responsible business like Barclays Bank Zambia. [10 Marks]

[TOTAL: 20 MARKS]

Question Four

- (a) The adaptation approach involves changing internal operations and activities of the organization to make the organization more compatible with its environment. Explain common approaches used by organizations to adapt to environmental fluctuations. [10 Marks]
- (b) Discuss how the government uses the monetary and fiscal policies in controlling the level and pattern of economic activity. [10 Marks]

[TOTAL: 20 MARKS]

Question Five

- (a) “The Board of the Commissioners of the Competition and Consumer Protection Commission (CCPC) fined Zambia Sugar PLC, an Illovo Group subsidiary, a fine of five per cent equivalent to K76, 728,650 of their annual turnover as at 2013, for price discrimination and unfair pricing in the Zambia Sugar Industry in Zambia. Further, the Board ordered the company to formulate competitive prices for both household and industrial sugar sold in the domestic market. The decision to fine the company was made during the Third Special Board of Commissioners’ Meeting for adjudication of cases held in Lusaka on 25th September, 2017. The Chairperson Kelvin Bwalya Fube stated after carrying out investigations from 2008 to 2012.

Required

- (a) Describe the level of the business environment where this pressure is coming from and advise management at Zambia sugar on what should be done to avoid similar fines in future. [10 Marks]
- (b) One of the disadvantages of a public limited company is that there is a risk of takeover bids by other companies because shares of a public limited company are traded on the stock market. As a Student of Business, explain circumstances that may lead to such a situation by giving practical examples. [5 Marks]
- (c) “Business activity is a fundamental and universal feature of human existence and yet the concept of business is difficult to define with any degree of precision”.

In light of the above statement, explain the meaning of business.

[5 Marks]

[TOTAL: 20 MARKS]

END OF EXAMINATION PAPER

BBA140: BUSINESS ENVIRONMENT- COURSE OUTLINE

UNIT1. BUSINESS AS A SYSTEM

1.1 Business and Society

1.2 Business organisations – sole trader, partnership etc

1.3 Meaning of Business Environment

1.4 Major Environmental forces affecting the Business

1.5 Assessment of both the internal and external environment, SWOT Analysis, Porter's model, PEST Analysis

1.6 Managing Environmental Elements

1.6.1 Adaptation Techniques:

- Buffering
- Smoothing
- Forecasting
- Rationing

1.6.2 Favorability Influence:

- Advertising and Public relations
- Boundary spanning
- Recruiting
- Negotiating contracts
- Co-opting
- Joint ventures
- Trade associations

- Political activity

1.6.3 Domain Shifts:

- Making changes in the mix of products
- Move entirely out of a current product
- Diversity

UNIT 2. ECONOMIC ENVIRONMENT AND BUSINESS

2.1 Socio-economic systems

- Market/capitalist economy
- Planned economies i.e socialist & communist
- Mixed economies

2.2 Analysis of Economic Environment

- Labour
- Capital
- Entrepreneurs
- Customers
- Competition – pure, monopolistic, monopoly and oligopoly
- Government's fiscal policy
- Government monetary policy

2.3 Socio-economic Changes to Business

UNIT 3. DEMOGRAPHIC ENVIRONMENT AND BUSINESS

3.1 Population size and growth

3.2 Age distribution, Birth rate, Death rate

3.3 Household changes – i.e trends in the size of the family

3.4 Mobility - migration, proportion of the workforce and its mobility

3.5 Ethnicity

3.6 Shifts in markets

3.7 Social, political & economic implications of Population growth, Population decline

UNIT 4. SOCIO-ECONOMIC ENVIRONMENT AND BUSINESS

4.1 Core cultural values

4.2 Sub cultures

4.3 Secondary cultures

UNIT 5. THE TECHNOLOGICAL ENVIRONMENT & BUSINESS

5.1 Significance and effects of technology

5.2 Factors limiting technological growth:

- General apathy toward research
- Lack of incentives for innovation
- Incompetent business
- Misplacement of manpower
- Traditional beliefs
- Dependence on foreign technology
- Conservation

5.3 Enhancement of technological growth

- Encouraging research
- Providing financial and material assistance
- Accepting and utilising the findings of relevant researchers

- Generous contributions to formal education by business
- Mass education about the significance of research, science and technology.

UNIT 6. NATURAL ENVIRONMENT AND BUSINESS

6.1 The environment as an asset

6.2 Types and characteristics of resources:

- Finite renewable resources
- Finite non-renewable resources

6.3 Managing natural resources

6.4 Cost of energy

6.5 Levels of pollutions

6.6 The role of government

UNIT 7. POLITICAL (GOVERNMENT) ENVIRONMENT & BUSINESS

7.1 The nature of a country's political systems and its effect on business.

7.2 External political-economic influences

7.3 Political development in other parts of the globe

7.4 Types of political systems (Authoritarian and Democratic) and their influence on business.

UNIT 8. BUSINESS ETHICS, SOCIAL RESPONSIBILITY AND LEGAL COMPLIANCE

8.1 Business ethics

8.1.1 Ethics and Business Ethics

8.1.2 Ethics and Law

8.1.3 Managerial Ethics

8.1.4 Ethical Approaches

8.1.5 Utilitarian (Teleological) Approach

8.1.6 Moral Rights Approach

8.1.7 Justice Approach

8.1.8 Individualism Approach

8.1.9 Managing Ethics (Establishing codes of ethics, Whistle blowing, Committees and Groups, Training programs)

8.1.10 Ethical Guidelines for Managers

8.1.11 A management Dilemma

8.2 Social Responsibility

8.2.1 The concept of Social Responsibility

8.2.2 Evolution of Social Responsibility

8.2.3 Approaches to Social Responsibility:

- Traditional
- Stakeholder
- Affirmative

UNIT 9. BUSINESS AND ITS VARIOUS PUBLICS

9.1 Employees

9.2 Labour unions

9.3 Host communities

9.4 Competitors

9.5 The Government and Local Authorities

9.6 Consumers

9.7 Suppliers

9.8 Banks

UNIT 10. SOCIETY AND MULTINATIONAL BUSINESS

10.1 The nature of MNCs

10.2 Benefits to a host nation

- Provision of access to capital and advanced technology
- Creation of employment opportunities
- Contribution to tax revenue
- Promotion of exports and generation of foreign exchange
- Promotion of competition
- Introduction of new products
- Promotion of local business
- Offer managerial training
- Improvement of general social welfare

10.3 Costs to a host nation

- Reduced economic control
- Unfair competition
- Degradation of physical environment

10.4 Cost versus benefits

10.5 The need for a competitive interface

10.6 Multinational firm's expectation

10.7 Host nations expectations

10.8 Global problems and expectation

BIBLIOGRAPHY AND LEARNING SUPPORT MATERIAL

1. Mastering business communication. L.A. woolcott, W.R. Unwin. Palgrave.
2. The Business Environment. Ian Worthinton and Chris Britton. 6th Edition, 2009. Pearson education. Great Britain.
3. Management. 9th Edition. S.P. Robins, M. Coulter, 2007. Pearson Prentice Hall.
4. The international business environment. I. Brooks, J. Weatherston, G. Wilkinson. 2004. Financial Times/ Prentice Hall.
5. Business and its Environment. 5th Edition. D.P. Baron. 2007. Prentice Hall.