

**UNIVERSITY OF KWAZULU NATAL**  
**School of Engineering**  
Subject module and code: **ENGINEERING BUSINESS : ENEL4EBH1**

**June 2014 Examination**

**Duration: 120 minutes**

**Total marks: 150**

**Examiner: Mr D Engelbrecht**

**External Examiner: Mr B Harrison**

**Instructions:** 1. Answer any three questions from the choices provided.  
2. All questions are worth equal marks.

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**QUESTION ONE**

"The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity," according to Juan Somavia, former Director General of the International Labour Organisation.

Last month Anglo American Platinum's (Amplats) Chris Griffiths could not have played a worse hand when he tried to defend his R17.6 million annual salary, while 70 000 mining sector workers, many of whom are employed by Amplats, demand R12 500 per month or R150 000 per annum. The disparity between the highest and lowest salary in Griffiths' company epitomises<sup>1</sup> the inequality debate in South Africa.

**You are required to explain the context of "decent and productive work", and in the light of this explanation, to discuss the wage gap within companies generally and the mining sector in particular.**

**QUESTION TWO**

Alan Greenspan, the American economist who served as Chairman of the American Federal Reserve for almost two decades, says "the very nature of finance is that it cannot be profitable unless it is significantly leveraged... and as long as there is debt, there can be failure and contagion."<sup>2</sup>

Greenspan is alleging that we must run the risk of poor performance, if we seek to multiply wealth. The means by which we counteract this risk, is what we call financial management.

**You are required to explain the objectives of financial management and to discuss the tools and processes (such as financial analysis) by which financial management is undertaken.**

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<sup>1</sup> "epitomises" = "a very good example of"

<sup>2</sup> "contagion" = "ineffectiveness", "dishonesty"

### QUESTION THREE

Apple is one of Samsung's biggest customers for processors and memory chips. However, the two firms compete directly in the mobile-phone market and have spent the better part of the past two years suing and countersuing over the look, feel and features of their gadgets. While they were ideal partners a decade ago, when they didn't really compete, Samsung began to roll out smartphones and today sells more smartphone handsets than Apple.

Apple executives have begun to express concern that their dependence on Samsung limits Apple's ability to control its destiny by constricting Apple's negotiating power and ability to use different technologies. To this end, Apple has signed a deal with Taiwan Semiconductor Manufacturing Co. (TSMC) to make some of the chips used in Apple's iPads and iPhones. Despite the deal, TSMC say that Samsung will remain the primary supplier to Apple during 2014.

**You are required to explain the scope of company-to-company marketing, and to discuss the practical difficulties you think Apple and Samsung have encountered in maintaining a cooperative supplier-customer relationship, whilst competing with their gadgets in the consumer marketplace.**

### QUESTION FOUR

The newspapers abound with news of morally bankrupt behaviour by businesspeople and professionals. We have little choice but to acknowledge that this circumstance seems set to remain a pattern, unless there is a significant change in personal value systems as well as business value systems.

Murray and Roberts CEO Henry Laas would have us believe that the collusion and price fixing for which his firm was fined R309 million was undertaken not because of a company intention to profit at the expense of others, but by a few executives operating autonomously<sup>3</sup>.

**You are required to explain what we mean by the term “management morality”, and to discuss whether the position taken by Murray and Roberts is likely to effect an improvement in the moral tone of the future business dealings of the company.**

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<sup>3</sup> “autonomously” = “independently” / “not under the control of”