FEEDBACK TUTORIAL LETTER

2nd SEMESTER 2017

ASSIGNMENT 1

BUSINESS ETHICS
BBE612S
1.1 Business Ethics advocates that when corporate organisations commit moral or immoral acts the following should happen

a. Human individuals should be held responsible because they are the primary carriers of moral duties and moral responsibilities.
b. Corporate organisations should be held responsible in the secondary sense.
c. A & B
d. None of the above

1.2 What is utilitarianism?

a. Utilitarianism is a general term for any view that holds that actions and policies should be evaluated on the basis of the benefits and cost they will impose on individuals.
b. Utilitarianism is a general term for any view that holds that actions and policies should be evaluated on the basis of the benefits and costs they will impose on society.
c. The views that hold that in any situation, the "right" action or policy is the one that will produce the lowest net benefits or the greatest net cost to society.
d. None of the above.

1.3 Immanuel Kant’s principle, called categorical imperative, requires that everyone be treated as:

a. A free and equal person
b. A dependent employee
c. An indentured person
d. A non-resident employee

1.4 Ethical violations destroy:

a. Nothing
b. Jobs
c. Trust
d. profits

1.5 According to John Locke, humans know that they have a right to liberty as a result of:

a. The principle of alienation
b. Communitarianism
c. The free market
d. The law of nature

1.6 Which of the following refers to the ability of a person or a country to produce a particular good at a lower opportunity cost than another country? Select correct option.

a. Absolute advantage
b. Comparative advantage
c. Resource efficiency
d. Natural advantage

1.7 Choose the right types of Justice
1.8 One of the main views that societies can adopt on oligopoly power is:

a. Do-something view
b. Trust view
c. **Regulation view**
d. All of the above

1.9 According to Adam Smith, what should a government that hopes to advance the public welfare do?

a. **Institute welfare and healthcare systems**
   b. Regulate markets thoroughly
c. Regulate markets only when necessary
d. Nothing

1.10 In Karl Marx’s view, how many sources of income do market or capitalist economies offer?

a. 4  
ob. 3  
c. 2  
d. 1

Section B  
Question 2  

“Less Sugar” Marketing

Happy Kids Cereals Ltd presents an advertisement about a new cereal labeled “75% LESS SUGAR” on one of the local television channels. This advert will definitely catch the parents’ eyes who are concerned about their children’s weight gain, and eventually parents will purchase the cereal.

However, the carbohydrate content of the “75% LESS SUGAR” cereal is the same as a high sugar version, at best only 5% fewer calories per bowl, so it offers no weight loss advantage.

2.1 The above advert is clearly deceptive. However, deceptive advertising requires 3 elements. Name these elements and identify them from the case study. Please make sure that you match the elements with those from the case. (9)

Most of you indicate the three features concerning the morality of advertising as the answer, but the correct answers are the three communication elements involved in advertising. These are the author or originator of the message according to the case the Happy Kids Cereals Ltd and the medium that carries the message, the local television channels and lastly the audience who receives the message that is the parents who are concerned about their children’s weight gain.

2.2 The most common criticism of advertising concerns is its effect on the consumer’s beliefs, because advertising is a form of communication, it can be as truthful or deceptive as any other form of communication. In what ways/forms can advertising be deceptive? (8)

- An advertisement can misrepresent the nature of the product by using deceptive mock-ups,
- using untrue paid testimonials,
• inserting the word guarantee where nothing is guaranteed,
• quoting misleading prices,
• failing to disclose defects in a product,
• misleadingly disparaging a competitor’s goods, or
• simulating well-known brand names
• Bait advertisements announce the sale of goods that later prove not to be available or to be defective.

Your explanation was supposed to center around that.

Question 3

3.1 Judy was a twelve-year-old girl. Her mother promised her that she could go to a special rock concert coming to their town if she saved up from baby-sitting and lunch money to buy a ticket to the concert. She managed to save up the N$20 for the ticket. Her mother changed her mind and told Judy that she had to spend the money on new clothes for school. Judy was disappointed and decided to go to the concert anyway. She bought a ticket and told her mother that she had only been able to save five dollars. That Saturday she went to the performance and told her mother that she was spending the day with a friend. A week passed without her mother finding out. Judy then told her older sister, Louise, that she had gone to the performance and had lied to her mother about it. Louise decided to tell their mother what Judy did.

a) According to Kohlberg, what stage of moral reasoning is Louise in? (1)
   Stage 1 or stage 3

b) Give reasons for your answer in (a) (2)
   You were supposed to explain that in stage 1 Louise reasons for doing the right thing was to avoid punishment or defer to the superior physical power of authorities. The reason that there is little awareness that others have needs similar to her own needs. While if you have chosen stage 3 your explanation is that Louise good behaviour is living to the expectations of those for whom she feels loyalty, affection, and trust, such as her mother.

Section C

Question 4

Telecom/Leo merger approved

Namibia Economist 2012-05-03
By Admin

The Namibia Competition Commission (NaCC) has approved the proposed merger between Telecom Namibia Ltd and Powercom (Pty) Ltd but the merger comes with conditions set on the structure and coordinated behaviour.

The conditions are centered on two competition specific concerns, namely the extent to which the post-merger market situation will result and the extent of a possible collusive or coordinated behaviour that would likely prevent or lessen competition. According to the commission’s chief executive and secretary to the commission, Mihe Gaomab II, the approval conditions were in the interest of preventing any collusive or coordinated behaviour that would undermine the free and spirited competition for all entities in that sector, including Telecom and MTC.
One of the approval conditions state that from the effective date of the implementation of the merger, the
merging parties should put in place a separate and independent shareholding structure for Telecom
Namibia Ltd and that of MTC. This separation of the holding structure must be effected within a period of
two years from the date of this notice determination, the commission ruled.

Another condition set by the Commission states that in the two year period, no person who is a director of
Telecom Namibia or an employee of Telecom Namibia may serve as a director of either Namibia Post
and Telecommunications Holdings (NPTH) or MTC and likewise, no person who is a director of MTC or
any employee of MTC may serve as a director of either NPTH or Telecom Namibia. This meant that the
current NPTH Chief Executive Officer, Frans Ndoroma, who is also the managing director of Telecom
Namibia, as well as the head of Legal Services and company secretary of Telecom Namibia, Patience
Kangueehi-Kanalelo are to resign from their respective positions at NPTH with immediate effect.

“The set conditions are therefore imposed to mitigate the negative impact that the merger may have on
competition in the relevant market/mobile telecommunication market,” Gaomab II stated. NPTH holds
shares in both Telecom Namibia and MTC. Although the NaCC approved the merger, the deal can only
be sealed once the Communications Authority of Namibia (CRAN) approves it. The NaCC received a merger notification on 9 January 2012 on the proposed acquisition of Powercom, trading as Leo, by Telecom Namibia. Powercom is the second licensed cellular company and is
partnership with NamPower and Telenor, a Norwegian company.


4.1 The case study above indicates that a certain unethical market structure might develop due to a
merger of Telecom and Leo being approved. What is this market structure and give reasons for your
answer? (4)

Marks were allocated when you have said Oligopoly or Monopoly and then have given reasons
from the case study.

4.2 Identify what anticompetitive practices that could result from the merge of the two companies
above. (7)

Your explanation was supposed to center around the anticompetitive practices which are
applicable to the case study. These are for example using price fixing, market allocation,
manipulation of supply, price discrimination, etc.

4.3 What measures were put in place to prevent those anticompetitive practices? (6)

Your discussion was supposed to center around the following from the case study:

- the merging parties should put in place a separate and independent shareholding
  structure for Telecom Namibia Ltd and that of MTC
- no person who is a director of Telecom Namibia or an employee of Telecom Namibia may
  serve as a director of either Namibia Post and Telecommunications Holdings (NPTH), etc.

4.4 What other measures can the public do in cases like this. (3)

You were supposed to mention the do-nothing view, antitrust view and the regulation view.