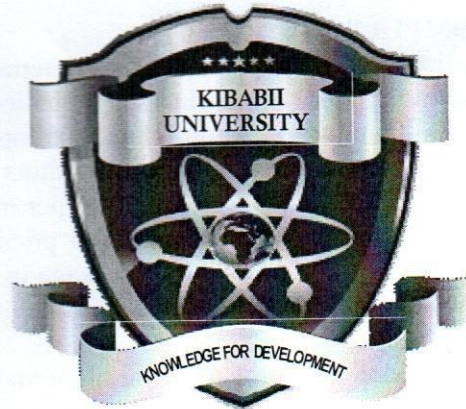


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# **KIBABII UNIVERSITY**



**UNIVERSITY EXAMINATIONS**  
**SPECIAL/ SUPPLEMENTARY EXAMINATIONS**  
**2020/2021 ACADEMIC YEAR**  
**FIRST YEAR FIRST SEMESTER**  
**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCO112**

**COURSE TITLE: BUSINESS ENVIRONMENT**

**DATE: 01/10/2021**

**TIME: 11.00AM - 1.00PM**

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## **INSTRUCTIONS TO CANDIDATES**

**Answer Question ONE (compulsory) and ANY OTHER TWO questions**

## **CASE STUDY**

### **QUESTION ONE (COMPULSORY)**

Assume that you own local business that provides internet access to individuals and businesses. Yours is one of the four such businesses in the local market. Each one charges the same price of Kshs. 4500 per month for unlimited dial up service. You also provide e-mail services s do two of your competitors. Two competitors give users free personal web pages. One competitor dropped its price to Kshs. 3500 per month and the other two have announced that they will follow suit. Your break-even price is Ksh. 2500 per customer. That is, you must earn Kshs. 2500 for your service package to cover your costs (but not earn profits). You're concerned about getting into price wars that might destroy your business.

#### **Question;**

Market competition is the cornerstone of managerial capitalism. Businesses that do not compete effectively are often confronted with the uncomfortable prospect of either changing or being eliminated.

Required;

- i) Briefly describe five forces that seem to have shaped the degree of market competition for the four internet access business firms described in the article  
[10 Marks]
- ii) Describe the other four internal forces that would directly affect your business operations  
[10 Marks]
- iii) Describe the methods you can use other than price, to attract new customers and still retain the current ones  
[10 Marks]

### **QUESTION TWO**

- a) Describe four strategies that an organization can use to create the business environment for entrepreneur behaviour  
[10 Marks]
- b) Describe how the political environment factors influences business operations  
[10 marks]

### **QUESTION THREE**

- a) Define corporate social responsibility  
[2 Marks]
- b) Briefly describe the motivations behind corporate social responsibility  
[8 Marks]
- c) Outline the significance of observing ethical issues or code of ethics at the workplace  
[10 Marks]

### **QUESTION FOUR**

- a) Describe how the Technological Environment factors influences business operations  
[10 Marks]
- b) Outline the benefits that would accrue to business that would implement environmental policies based on the corporate social responsibility  
[10 Marks]

### **QUESTION FIVE**

- a) Describe how the economic environment factors have influenced the operations of business in Africa  
[10 Marks]

b) Discuss the Role of government in creating favourable business environment  
**[10 Marks]**