

132

# KIBABII UNIVERSITY



## UNIVERSITY EXAMINATIONS 2020/2021 ACADEMIC YEAR FIRST YEAR FIRST SEMESTER

### MAIN EXAMINATION

### FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE: BBM 112**

**COURSE TITLE: BUSINESS ENVIRONMENT**

**DATE: 17/02/2021**

**TIME: 8.00AM-10.00AM**

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#### INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

**TIME: 2 Hours**

KIBU observes **ZERO** tolerance to examination cheating

### QUESTION ONE

Mr Shakir Dhull is working as the Country Head of a company which owns a chain of malls under the name 'Viljani' in the various parts of the country. Through an analysis report of the business environment, it has been brought to his notice that in the coming years, shopping at a mall will not be a necessity for the buyers as purchases can be made online from anywhere and at any time with ease and at the consumers's convenience. Hence, malls will have to provide much more than shopping to be able to attract customers. So, he recommends that 'Viljani' malls should be restructured into recreation centers, offering more spaces to socialize, host events and concerts, and provide ample food and beverages options.

Consequently the share of entertainment segment and beverages segment in the overall mall space is increased by 20%. As a result, the company gains enormously by getting the first mover advantage.

In the context of the above case:

- a) Define the term 'Business Environment' (5 marks)
- b) What are the benefits of the government having control over business activities? (5 marks)
- c) Explain the terms 'Threats' and Opportunities clearly giving examples from the above case (10 marks)
- d) Demonstrate the rationale for the existence of business (10 marks)

### QUESTION TWO

a) In an interview, an interviewer asked the interviewee regarding the need of considering the changes of environment. In a reply one of the interviewee replied, "Every business should consider the changes going on in inflation rates before taking any financial decisions because inflation rates result in constraints on a business enterprise as they increase the various costs of business such as the purchase of raw materials or machinery and payment of wages and salaries to the employees". Interviewer liked the answer. Interviewer has put emphasis on the understanding of only one of the element of business environment. Identify and discuss the element of the business environment in context. (10 marks)

- b) Giving relevant examples explain how micro environment influences business firms (10 marks)

### QUESTION THREE

a) The Court passed an order to ban polythene bags in Kenya as;

- (i) The bags are creating many environmental problems which affect the life of people in general
- (ii) Society in general is more concerned about the quality of life
- (iii) The Government decided to give subsidy to environmental friendly industry to promote the business.
- (iv) Innovative techniques are being developed to manufacture carrier bags at low rates.
- (v) Incomes are rising and people can afford to buy these bags.

Identify and discuss the different types of business environment from the above particulars (10 marks)

- b) Discuss the reasons why privatization is undertaken in business enterprises (10 marks)

#### **QUESTION FOUR**

a) Discuss advantages and disadvantages of Multi National Corporation both to home and host countries.

(14 marks)

b) Creation of demand for goods is the primary objective of business. Do you support this proposition

(6 marks)

#### **QUESTION FIVE**

Discuss the three forms of business. State the advantages and disadvantages of each form of business.

(20 marks)