



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
1ST YEAR 2ND SEMESTER 2023/2024 ACADEMIC YEAR
MAIN & KISUMU CAMPUS

COURSE CODE: BAB1102

COURSE TITLE: BUSINESS ENVIRONMENT

EXAM VENUE: LAB 6

DATE: 02/05/2024

EXAM SESSION: 14.00 – 16.00 PM

TIME: 2 HOURS

INSTRUCTIONS:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question One (30mks)

- a. Analyzing business environment is therefore important for all organisations. To do nothing is at best foolish and at worst potentially disastrous. The form and means by which this environmental scanning may be operationalized within an organization will vary from firm to firm and can be undertaken informally or using quite sophisticated analytical tools and techniques. Evaluate;
 - i. Informal scanning as a form of getting information. (2 marks)
 - ii. Formal means for scanning and analyzing the environment. (4 marks)

- b. Organisations exist and operate within society and are subject to a variety of demographic and socio- cultural influences. In that context explain the following;
 - i. What factors include social context (3 marks)
 - ii. What aspects of cultural environment demand and consumption. (3 marks)
 - iii. How market segmentation influences demographic, social and cultural factors in business. (3 marks)

- c. Government involvement in the workings of market- based economies is often rationalized on the grounds of ‘market failure’. Discuss the concept ‘market failure’ and explore different forms of government interventions. (5 marks)

- d. All firms operate in markets, whether they are localised, national or international. Firms often have a range of products and they need to be aware of the differing conditions in each of their markets. Establish the five aspects firms need knowledge about. (5 marks)

- e. Market structure is important not only because of the implications it has for conduct and performance but can be thought of as lying along a continuum with perfect competition at one end and monopoly at the other. Determine five conditions that need to be fulfilled before perfect competition is said to exist. (5 marks)

Question Two (20mks)

- a) Governments have obligations on macroeconomy in their respective countries. Discuss six key objectives. (12 marks)
- b) There are three main inputs into the production process which include people, technology and natural resources. Examine their importance to business in determining both the quality and the quantity. (8 marks)

Question Three (20mks)

- a) Businesses have a duty to fulfil objectives that stretch beyond the simple well-being of the organisation and its owners to the promotion of greater corporate social responsibility. Establish four key drivers of corporate environmental responsiveness. (8 marks)
- b) Firms grow in size internally as part of normal business operation or externally through takeover and merger. Evaluate four advantages attached to external growth. (6 marks)
- c) Over the last 100 years there has been a shift in industrial structure in all countries, first from agriculture to manufacturing and then from manufacturing to services. Explore the both demand and supply factors leading to the changes. (6 marks)

Question Four (20mks)

- a) In understanding the nature of organizations, there are theories that determine organizational effectiveness and the influence on individuals and groups. Explore three theories of organization and management. (12 marks)
- b) Businesses, like individuals, exist and carry on their activities within a framework of law which derives from custom and practice, from the judicial decisions of the courts and from statutes enacted by governments. Explore four keys ways on how legal environment affects businesses (8 marks)

Question Five (20mks)

- a) Examine what is entailed in general or contextual environment. (11 marks)
- b) The exchange rate of a currency is the price of that currency in terms of other currencies. If each country has its own currency and international trade is to take place, an exchange of currencies needs to occur. Discuss four ways when changes in exchange rates affect businesses (4 marks)
- c) Trade between countries takes place because resources are unevenly distributed through the world and the mobility of the factors of production is limited, consequently some countries are better at producing certain goods than others. Explore 5 decisions that governments make to restrict international trade. (5 marks)