



PAN AFRICA CHRISTIAN UNIVERSITY

END OF TERM EXAMINATION

BUE3323: BUSINESS ENVIRONMENT

WEDNESDAY, JULY 28, 2010

6:00 PM – 9:00 PM

INSTRUCTIONS

- This Exam Script has **FIVE (5)** Questions.
- Answer **ANY FOUR** questions of your choice.
- Write your **student number** on the Answer Booklet provided.
- Read all questions carefully before attempting.

PAN AFRICA CHRISTIAN UNIVERSITY
BACHELOR OF BUSINESS LEADERSHIP
BUM 3323 BUSINESS ENVIRONMENT
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DATE: JULY 2010

TIME 3HOURS

ATTEMPT ANY FOUR QUESTIONS all questions carry equal marks

QUESTION ONE

BETA BEAUTY INTERNATIONAL LIMITED

Miss Anita had always wanted to own her own beauty shop and manufacturing company having worked in the award winning dark and lovely ltd while she studied at UNISA university. The manufacturing company was owned by her entrepreneurship lecturer at her university. Her dream came true in 1998 when she opened the beta beauty international shop in Nairobi central business district along Moi Avenue and beta beauty limited in Juja town. She started by selling products from other cosmetic industries and then started manufacturing her own products at her plant in Juja from natural ingredients. She merged cosmetic sales with environmental activism and developed her own brands of cosmetics. She launched beta beauty, nice and cool and natural beauty. Her cosmetic products were surprisingly good and accepted in the market. Anita was able to take a loan from Equity bank to boost her capital base. She was able to produce her beauty products cheaply and sell them at premium prices and therefore position them as quality products, while at the same time differentiate her products from her competitors.

While he was making healthy profits on the cosmetics she was only utilizing 60 % of her plant. Anita set about imposing her mark on the beta beauty as it soon developed into one of the most popular cosmetic shop in town. She experienced problems with her staff. From the beginning her strategy was to build a successful company that was environmental friendly and driven by principles. Her company supported and promoted a wide range of environmental and human rights projects. The company grew from the single shop in Nairobi to 14 branches country wide and 24 muliti-dometsic divisions in 12 countries. Infact in 2006 beta beauty international was one of Kenya most successful company with annual turnover of over shs. 500,000,000.

However recently Anita has experienced some challenges. The company image was tarnished by a television documentary. However she sued for libel and won. The company has aggressively made its main competitors to expand their shops both in Kenya and abroad. With their aggressive marketing the competitors have cut into beta beauty growth model. The foreign operations have suffered badly since beta beauty international limited owns the shops as opposed to the competitors who have entered into franchise agreements with supermarkets and wholesalers.

Although beta beauty appears to have problems all is not gloomy since the Asia market has grown rapidly and is profitable. Further more although the Kenyan market appears saturated it generates 44% of the company revenues and produces a solid profit.

Carry out a SWOT analysis of Anita business?

[10 marks]

You have been assigned the duty to conduct an exhaustive macro environmental analysis for beta beauty international limited. What factors will you include in your report?
10marks

QUESTION TWO

Early management theorists studied management with an attempt to increase productivity and enhance efficiency in the organization. Explain scientific management principles in the quest and how they are used in modern management. (20marks)

QUESTION THREE

- a. Distinguish between organizational culture and organizational structure. 6 marks)
- b. How do organizational cultures affect employee performance? (4 marks)
- c. Describe the different forms of organizational culture. (10 marks)

QUESTION FOUR

- a) Briefly explain the following generic strategies which may be used by a firm to gain competitive advantage. Give practical examples to support your answer
(i) low cost leadership
(ii) Diffentiation
(iii) Focus (10 marks)
- b) Explain the various forms of countertrade in international business (5marks)
- c) Briefly explain the following documents used in international trade
(i) Letter of credit 2.5marks
(ii) Bill of Lading 2.5marks

QUESTION FIVE

- a) Compare and contrast Value Chain Analysis and Resource Based analysis of the Firm(10marks)
- b) Business and Government must work together for the mutual benefit of both of them. Discuss the statement explaining the various roles the government plays in business.(10marks)