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**University Examinations 2014/2015**

FIRST YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR DEGREE OF BACHELOR OF COMMERCE

**BFB 3104: INTRODUCTION TO BUSINESS**

**DATE: OCTOBER 2015 TIME: 2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

Some enterprising young men have come up with a concept they refer to M-Mbuzi which helps Kenyans abroad to deliver gifts to their families within the country. The Kenyans abroad simply log on to a website where they choose the gift they want to send to their relatives and their relatives’ contacts. They make their payments from the website as well. The young men then shop locally for the gifts and deliver them thereby making their money.

**Required:**

1. What is E-Commerce and what benefits can be derived from E-Commerce. (10 Marks)
2. In your opinion, is the M-Mbuzi concept a business? With reference to the definition of a business and the features of a business, justify your position. (10 Marks)
3. What is franchising and what are the advantages and disadvantages of franchising for the franchisee. (10 Marks)

**QUESTION TWO (20 MARKS)**

1. You have been approached by a group of people who would like to form and start a public limited company. Explain to them what a public limited company is and the steps they need to follow to form the company. (10 Marks)
2. Explain the main sources of finance for small business owners in Kenya. (10 Marks)

**QUESTION THREE (20 MARKS)**

1. The primary objective of business is to make profits and therefore it should not concern itself with any other issues. Discuss. (10 Marks)
2. Clearly explain any five functional areas of management. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. The external environment has a major impact on business and therefore managers cannot ignore it. Giving examples show how the external environment factors affect business operations. (10 Marks)
2. What is the role of the Nairobi Stock Exchange in the Kenyan economy? (10 Marks)

**QUESTION FIVE (20 MARKS)**

1. Business can be such a headache to run. Why do people find it necessary to have business in society? (10 Marks)
2. Discuss the significance of marketing activities for a business. (10 Marks)