



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2017/2018

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH INFORMATION TECHNOLOGY

CITY CAMPUS - EVENING

ABA 101: INTRODUCTION TO BUSINESS STUDIES

Date: 23rd January, 2018

Time: 5.30 - 7.30 pm

INSTRUCTIONS:

- Answer question ONE and any other THREE questions



Question One:

Read the excerpts of Western Kenya Counties Investor Sensitisation Meeting and answer the questions that follow.

“Let me use a case study to give an example: In the Western Health Sector group, we identified Magwar Chemists that was able to help us support emergency medical needs for some Western counties just a few weeks ago! We can make a purchase proposal to Magwar Chemist and work together to determine a mutually agreeable price. Upon reaching an agreement, we reach out to our membership (the same people who purchased the supplies) with an offer to buy shares in Magwar Chemists. Money so raised will pay off the current owners of the business and scale up the business optimally! Throughout this process we leave the existing management team intact.

“Upon completion of the buying process and transfer of title to the Western Health Sector group, we re-examine the management structure and implement any necessary changes. We then proceed to set up /formalise a Board of Directors for the business. The Board of Directors then gets mandated to roll out the project (branded Magwar Chemists) in all major towns in Western counties, then to all small towns, etc. The roll-out strategy can be predefined: go into existing Chemists, purchase viable ones, brand them 'Magwar Chemists', and 'professionalise' them! All the while, sell shares where necessary in addition to identifying other modes of funding such as revenue generated from continuing operations.

“It is my posit that with this kind of approach to setting up businesses, we can have 6 Chemists up and running in as many months - just as an

example! By so doing, we shall have created many jobs and increased revenue inflow in that sector, among many other benefits!”

Questions

- a) Starting a business has several challenges that prospective owners must grapple with. Identify five such challenges. (5 marks)
- b) What advantages do existing businesses have over new start-ups to prospective investors? (5 marks)
- c) Describe the pitfalls Western Kenya Counties Investor Sensitisation Meeting must avoid in their chosen strategy. (5 marks)
- d) List five major sources of funds open to Western Kenya Counties Investor Sensitisation Meeting. (5 marks)
- e) Describe the environment in which businesses operate in Western Kenya. (5 marks)

Question Two

Explain the five major objectives of the firm other than maximising profits. (15 marks)

Questioned Three

- a) Identify the main characteristics of entrepreneurs. (8 marks)
- b) Explain the process when starting a new venture. (7 marks)

Question Four

Explain the arguments for and against businesses engaging in corporate social responsibility. (15 marks)

Question Five

Organizations are becoming increasingly influenced by external environment. In what ways does the knowledge of their external environments help managers make better decisions? (15 marks)

Question Six

The government is both promoter and participant in business. Explain. (15 marks)