



**MERU UNIVERSITY OF SCIENCE & TECHNOLOGY**

*Foundation of innovations*

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**University Examination 2016/2017**

**FIRST YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE, BACHELOR OF BUSINESS INFORMATION TECHNOLOGY AND BACHELOR ECONOMICS.**

**HBC 2102/ BBA 2201: INTRODUCTION TO BUSINESS STUDIES**

**DATE: DECEMBER 2014**

**TIME: 2 HOURS**

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

**QUESTION ONE (30 MARKS)**

- a) Discuss the role of small in the development of the Kenyan economy today. (6 marks)
- b) Obuya and Mr. Michael are trading independently. They are intending to convert their business into a partnership. What advantage will partnership have? (4 marks)
- c) What factors are considered when selecting a channel of distribution? (4 marks)
- d) By use of relevant examples, discuss the criteria of evaluating ethical business owner from unethical one. (8 marks)
- e) By use of examples show how business interacts with various internal environment. (8 marks)

**QUESTION TWO (20 MARKS)**

- a) Describe a franchise and explain its advantages. (10 marks)
- b) Discuss various factors that influence the pricing of goods and services. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Identify four key stake holders in a business and describe how each is likely to influence business operations. (10 marks)
- b) Discuss all the objectives of a business by use of examples. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Business has a stake in giving back to the society revenue that they accumulate in business operations. Clearly elaborate how the business is socially responsible to the employees and customers. (10 marks)
- b) For an activity to qualify to be a business activity, it must possess various characteristics. Discuss. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Agnes is a college graduate who wishes to venture into small business. She cannot decide whether to start a sole proprietorship or join her friend to form a partnership. What factors should she consider before making a decision. (10 marks)
- b) Describe the various sources of finance for a small business in a country like Kenya. (10 marks)