

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**CHUKA AND EMBU CAMPUSES**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE**

**BCOM 101: INTRODUCTION TO BUSINESS**

**STREAMS: BCOM Y1S1**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 05/07/2021**

**11.30 A.M. – 1.30 P.M.**

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**INSTRUCTIONS:**

- **Answer questions one and any other two questions.**
- **Marks will be awarded for clarity and originality of ideas.**
- **Do not write on the question paper.**

**QUESTION ONE**

1. Tadeo's father is a renowned avocado farmer in Nyeri County. He has been farming avocado for many years now which he sells in muthurwa market in Nairobi County. The money he gets from this business has enabled him to pay Tadeo's and his siblings' school fees. For the last two years he has been exporting the avocado produce from his farm. Tadeo's friend who works in USA based company after hearing how the avocado business has grown, has advised Tadeo's father that he can gain from E-Commerce. Recently Bonita Ltd approached Tadeo's father with a business proposition to be selling his avocado under a franchise agreement. Tadeo's father having minimum knowledge on this and having a job as a security personnel in the nearby secondary school is surprised because he believes that his venture is just a side hustle not a business. He does not understand what franchising is and does not know whether to accept or reject the proposition by Bonita Ltd.
  - (a) Explain to Tadeo's father what franchising is, showing the pros and cons that he will encounter if he accepts the proposition. (10 marks)
  - (b) How can Tadeo's father venture benefit from the aids to trade? (5 marks)

(c) As a business manager, Tadeo's father needs to ensure his business is socially responsible. Explain to him what corporate social responsibility is and the dimensions he can adopt in regard to social responsibility. (10 marks)

(d) Justify to Tadeo's father why his venture is a business and not a side hustle/hobby. (5 marks)

2. (a) A business operates within/ an environment and must interact with the environment to survive. Explain the elements that make up the internal environment giving practical examples of how they affect businesses from the Kenyan scenario. (10 marks)

(b) Your friends want to form a company. However they are not sure where to start and they have approached you as a BCOM student to help them understand how companies are formed. Explain to them the stages they need to go through in formation of a company and the documents they require for the process to be successful. (10 marks)

3. (a) Owners of a partnership are usually referred to as partners and there may be different types of partners in within the partnership. Discuss any five types of partners. (10 marks)

(b) Explain the types of economic systems giving at least two pros and cons of each system. (8 marks)

(c) Supporting your answer, identify the types of economic system used in Kenya. (2 marks)

4. (a) An organization has different functional areas that managers need to manage. Discuss the statement showing their relevance to the organization. (10 marks)

(b) Giving practical illustrations from businesses around you or practical business scenarios, show why planning is important and barriers managers may encounter in planning process. (10 marks)

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