

THE NATIONAL UNIVERSITY OF LESOTHO  
INSTITUTE OF EXTRA-MURAL STUDIES (IEMS)  
DEPARTMENT OF BUSINESS & MANAGEMENT DEVELOPMENT  
BBE 2301-BUSINESS ENVIRONMENT

January 2023

TIME: 3 HOURS

MARKS:100

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**INSTRUCTIONS**

Answer any **FOUR** questions.

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### **QUESTION 1**

- a) One of the lasting impact of COVID-19 pandemic on businesses is disruptions of supply chains that resulted in delays of both raw materials and finished products, which resulted in record high inflation rates globally. Would you classify COVID-19 pandemic as an environmental factor? Micro, Market or Macro? Support your answer (10)
- b) Mr John has a large family of four wives, twenty children and four grandchildren. Since Mr John is a skilled shoemaker, he produces good quality shoes for all his family members such that no one in the family buys shoes. According to your understanding of what a business is, would you say Mr John is involved in a business activity by producing shoes for his family? Support your answer. (15)

**[25 Marks]**

### **QUESTION 2**

- a) Assume that you work for Standard Lesotho Bank (SLB) as Head of Marketing and Sales Department. In preparation for the 2023 financial year, you have prepared the budget for your department which includes cost for training staff under your department on the importance of understanding the business environment. However, the Chief Executive Officer of SLB asks you to justify why your staff needs training on understanding the business environment before he/she can approve your budget. Write to her and explain why you feel this is important and how it will benefit the company. (20)
- b) Mention and explain the main characteristics of a business environment. (5)

**[25 Marks]**

### **QUESTION 3**

You work for Toyota Motor Corporation, which is one of the largest car manufacturers in the world. During the board meeting, Akio Toyoda who is the President of Toyota Motor Corporation has expressed his concern on the possible effect of the emergence of cheap cars such as Geely and Great Wall Motors (GWM) from China on the competitiveness of Toyota Motor Corporation.

After discussing the issue at length, the board decided that it needs a thorough analysis of the issue. As the CEO of Toyota Research Institute (TRI), the president asked you to write a paper analyzing motor industry with a focus on emergence of cheap cars from China. In your analysis using SWOT as your tool.

**[25 Marks]**

#### QUESTION 4

- a) Explain in details, the role of government under each economic system (10)
- b) Starbucks is global company with over thirty thousand stores in 80 countries. Head of Marketing for Starbucks is conducting a market research in Lesotho and asks you to explain the economic system used in Lesotho. How would you explain Lesotho's economic system? In your view, does Lesotho economic system provides Starbucks with good chances of success? (15)

[25 Marks]

#### QUESTION 5

- a) Explain in details and with examples, the five forces that influence competition. (10)
- b) Mention and explain the characteristics of the business environment. (10)
- c) What is the role of commercial activities within a business? (5)

[25 Marks]

#### QUESTION 6

- a) You have been hired as a consultant for Lesotho Communication Authority (LCA) to assist it with the review of its current medium term strategic plan. Between PESTEL AND SWOT analysis what tool would you use and why? (5)
- b) Indicate if the following statements are true or false; (10)
  - (i) The business has to streamline its business processes and decisions factoring in the type of economic system within which it operates.
  - (ii) Privately owned businesses find it hard to compete with state owned businesses within the planned economy system
  - (iii) It is not important for an entrepreneur to understand the type of world economy system that his business operates within
  - (iv) A business has full control over the disposable income of its customers
  - (v) Customers' propensity to spend is an example of a political factor.
- c) In your opinion, how can businesses make a good use of production factors (mirco/internal environment factor) to overcome competition (market environment factor)? (10)

[25 Marks]