INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - AUGUST 2025

PROGRAMME: BHRM
YEAR/SEM: YEAR 1/SEMESTER 2
COURSE CODE: GMT 1203
NAME: BUSINESS ENVIRONMENT

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

READ THE CASE STUDY AND ANSER ALL THE QUESTIONS IN THE CASE STUDY BELOW

Question 1:

Peli Corporation, a multinational fast-food distributor established two decades ago by an American couple, has experienced substantial growth, expanding its operations to over 20 countries across four continents. However, in 2013, the CEO of Peli Corporation, Mr. Green berg, noticed a significant decline in earnings. The company's net income contracted by 40%, accompanied by sluggish sales growth, well below the industry average for that period. Despite maintaining a considerable market share compared to competitors, Peli Corporation experienced stagnant growth. Upon investigating the cause of this decline, it became evident that customers were increasingly gravitating towards healthier meal options offered by some of Peli Corporation's main competitors. Additionally, customers were finding more convenient alternatives at supermarkets, convenience stores, and even petrol stations. This ease of access led many patrons to switch away from traditional fast-food outlets.

Furthermore, the rise of fast casual dining had a detrimental impact on Peli Corporation's sales. Customers were now willing to pay extra for a fast-serving experience in a better and more sophisticated ambiance. Consequently, the fast casual segment experienced growth from 15% to 20%, while fast food chains only achieved a 2% growth rate. Peli Corporation also faced fierce competition from other fast-food chains such as Lily's and Fiona's, which swiftly recognized the significance of drive-through customers. These competitors focused on improving their preparation methods and expediting their delivery processes. They also prioritized innovation and responsiveness to emerging market trends and customer preferences. Given the analysis of the underlying causes, it became imperative for Peli Corporation to urgently address the situation to prevent a chain reaction and global market decline. Thus, the company needs to devise new and innovative product lines, enhance promotional activities, and explore opportunities in untapped market segments. Required:

(a) Using the SWOT analysis tool , analyze the business environment for Peli Corporation and make recommendations that can be used by the Peli Corporation to improve their business. **(20 Marks)**

(b) Basing on the case study above, identify and explain some of the micro and macro factors that are facing Peli Corporation**. (20 Marks)**

Question 2:

In previous years, we have seen how the business environment can sometimes change dramatically and unexpectedly for the worse, using the September 11, 2001 attack on the World Trade Center in the United States as an example of what is known as an exogenous shock to the economic system. Mercifully, events of this kind tend to be relatively rare, but when they occur they present a considerable challenge to the businesses and industries affected. The same is true when natural disasters occur, as the following examples illustrate.

2010 – the eruption of an Icelandic volcano sent a cloud of volcanic ash over large parts of Europe,

resulting in the grounding of aircraft and weeks of disruption of air travel. Airlines in particular were badly affected and faced additional costs because of stranded passengers and cancelled flights.

Beneficiaries included hoteliers who had to accommodate people unable to travel and alternative transport businesses (e.g. ferry operators).

2013 – sudden and devastating storms in the Burgundy and Bordeaux regions of France destroyed swathes of the French wine industry, resulting in a loss of jobs and income in the affected local communities, with a knock-on impact on local businesses. In China, a heatwave across the central and eastern parts of the country badly affected the farming industry and tempted the government to spend millions on artificial steps to trigger rain. In some areas power failures occurred as the demand for electricity soared as individuals and organisations turned on the air- conditioning. Much warmer conditions were also experienced in parts of Northern Europe, including the UK, resulting in increased sales of certain items (e.g. barbecues, sunscreen) and tempting many people to holiday at home. Other adverse natural events in 2013–14 included a super typhoon in the Philippines, extensive fires in parts of Australia, a major drought in California and severe storms and flooding in southern England, all of which had major effects on businesses and communities in the affected areas.

In 2015 terrorists armed with assault rifles and hand grenades attacked a beach resort in Tunisia. The British Foreign Office issued travel advice to avoid all but essential travel to the country, as did many other governments. The result was a 37 per cent fall in foreign spending in Tunisia, whose economy is 8 per cent dependent on tourism. In 2016 attacks on Brussels and Paris had an impact on tourism across Europe, with hotel occupancy in London down as a result. In 2017 the Manchester Arena was bombed during a concert which had local and national effects on how show security was managed. In 2020–21 Covid-19 radically changed business across a wide range of sectors. While there is little a business can do to protect itself totally against events of this kind, many larger firms, especially multinationals, tend to put in place contingency plans to manage unexpected crises, whether they are caused by human or

natural events. A business continuity plan (BCP) can help an organisation to respond quickly and effectively to a negative situation and hopefully to survive the experience and learn from it. Smaller firms on the whole tend to lack the financial and human resources needed to adopt such resilience measures and some may not survive an adverse change in the external environment. For other organisations such a change may bring with it business opportunities, an unexpected though possibly welcome gain from an event that has a negative impact on other firms.

Case study questions

(a) Basing on Case study, identify and explain the change in business environment under different dimensions being discussed above. **20 Marks)**

(b) **Basing on Case study and** with relevant examples, explain how the external environment of the organization affects all aspects of the business, including its structures, functions and processes. **(20 marks)**

SECTION B

ATTEMPT 3 QUESTIONS ONLY

Question 1:

Illustrate with examples and explain how demographic, social and cultural factors can influence both the business decision making of the organization. **(20 Marks)**

Question 2:

"The microenvironment consists of the actors in the company's immediate environment that affects the performance of the company. Basing on this statement, discuss both the actors and the forces in the company's immediate environment that affects the performance of the company. (20 Marks

Question 3:

(a) With relevant examples, discuss the environmental factors that can significantly influence organizational operations of any institution of your choice. (**10 Marks)**

(b) As a student of this course unit, explain how you can mitigate those factors identified in the question above. (**10 Marks)**

Question 4:

(a) In what senses could a college or university be described as a business organization? How would you characterize its 'inputs' and 'outputs'? **(10 Marks)**

(b) Describe the various components of remote environment that influence the business policy of an organization**. (10 Marks)**

Question 5:

The term economic environment refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company. These factors are often beyond a company's control, and may be either large-scale (macro) or small-scale (micro). While companies often can't control their economic environment, they can evaluate economic conditions before choosing to enter a particular market or industry or pursue other strategies.

(a) As a Chief Executive Officer of a global multilateral corporation wishing to start business in Uganda, critically examine the key features of the Uganda's economic environment that may influence your decision to open business in Uganda**. (10 Marks)**

(b) How may the political and legal factors in Uganda influence your decision as explained in part (a) (**10 Marks)**

Question 6:

CHOOSE ANY ONE industry from the following industries (the music industry, the food and beverages (F&B) industry, the tourism industry or the media industry) and discuss how technological change has impacted business in that chosen industry in terms of production, distribution, marketing and sales of products and services.**(20 Marks)**

Question 7:

a) Discuss the key features of the Uganda's economic environment that may influence your decision to open a university business in Uganda**. (10 Marks)**

b) How may the Technological and legal factors in Uganda influence your decision of starting a university. **(10 Marks)**

Question 8:

Businesses do not operate in a vacuum but rather in a dynamic environment that has a direct influence on how they operate and whether they will achieve their objectives. Business owners and managers have a great deal of control over the internal environment of business, which covers day-to-day decisions. They choose the supplies they purchase, which employees they hire, the products they sell, and where they sell those products. They use their skills and resources to create goods and services that will satisfy existing and prospective customers. However, the external environmental conditions that affect a business are generally beyond the control of management and change constantly. To compete successfully, business owners and managers must continuously study the environment and adapt their businesses accordingly. Based on the above, write an essay about Toyota, a multilateral organization operating globally. In the essay, you are expected to:

(a) Define the components of Toyota's internal business environment. **(05 marks)**

(b) To explain the global environmental factors that affect Toyota's business. **(05 marks)**

(c) Explain how demographic shifts and technological developments create both challenges and new opportunities for Toyota? **(10 marks)**

Question 9:

Eco-friendly products are gaining power as the consumers' awareness about environmental issues has increased over the years and they are conscious about choosing products that do not have adverse effects on the environment. They are now more conscious about the carbon emission and climate change effects and want themselves to be 'seen' as a green advocate among their peers. In such a scenario, it has become a challenge for the companies as they have to not only meet the needs of the consumers but also ensure that their products are safe and environmentally friendly. As a result, there is growing need for better and advanced technologies to works as a catalyst in this regard. **REQUIRED:** (a) From short case above, why is green business environment assuming greater relevance now a days? **(04 Marks)**

(b) Whether the green issue is significant or not, the organizations should keep its social obligation in mind before contemplating any action. In regard with this statement, Discuss the rationale behind the implementation of corporate social responsibility. **(06 Marks)**

(c) What are the practical problems that may confront organizations in the implementation of social action programs? How do they overcome them? **(10 Marks)**

Question 10:

Coca-Cola's Microenvironment The marketing department of Coca-Cola develops core strategies for company brands to make sure that all communication is consistent in all the markets. With a combined effort, the Coca Cola system attempts to maximize its resources for profitable growth and market leadership. The marketing departments are responsible for product advertising, marketing and promotion. If all these departments perform their duty effectively, then the objectives of the Coca-Cola Company will be met. Coca-Cola agreed to swap some brands and buy a 17% stake in Monster Beverage Corp. for about $2.15 billion, increasing its bet on the rapid growth of the energy-drink market. Under the agreement, the two companies will share their production, marketing and distribution. Marketing intermediaries aid the company in promoting, selling and distributing its goods to the end customers. Intermediaries encompass marketing agencies, distribution firms and resellers. For example, in a deal, Coca-Cola joined hands with a US-based company Wendy that it will provide Coca Cola to all the fast-food chains located in the US. In this case, Wendy is an important example of an intermediary for Coca-Cola . Suppliers offer raw materials and resources that are required by the firms to produce goods and services. For example, bottling partners are company-owned entities, namely Century Bottling Company Ltd. Suppliers always play a crucial role in the operations of every firm. Customers of Coca-Cola differ massively in terms of age. From kids to youngsters, youngsters to elders and elders to older people, Coca-Cola has always captured high customer attention for decades. For example, with the help of a market survey, Coca-Cola finds that one million US population drinks Coca-Cola with breakfast every single day. This is how Coca-Cola has been a favourite drink of customers for centuries. A recent survey shows that Coca-Cola is the only product in the world of which more than 85% of the population is well aware. All companies have to keep the updated study of their customers. In the case of Coca-Cola , the company has always maintained excellent customer retention. Coca-Cola's annual Stakeholder Panel is particularly insightful with members of the Panel drawn from NGOs, academia, investors, trade associations, suppliers and other technical experts. The Panel's scope is to identify emerging risks and opportunities and to encourage the company to demonstrate ever greater leadership and innovation. Questions:

(a) From the above case study, identify and explain Coca-Cola’s micro business environment as in the case study**. (10 marks)**

(b) Using your knowledge of Business Environments, describe how Coca-Cola has maintained its customer base at the international level**. (10 marks)**

Question 11:

Institutions /colleges and Universities do not operate in a vacuum but rather in a dynamic environment that has a direct influence on how they operate and whether they will achieve their objectives. Business owners and managers have a great deal of programs over the internal environment of business, which covers day-to-5ay decisions. They choose the supplies they purchase, which employees they hire, the products they sell, and where they all

those progrms. They use their skills and resources to create goods and services that will satisfy existing and prospective customers. However, the external environmental conditions that affect a business are generally beyond the control of management and change constantly. To compete successfully, business owners and managers must continuously study the environment and adapt their businesses accordingly. Based on the above, write a report to the Vice Chancellor (VC) of the International University of East Africa (IUEA), in **the Report, you are expected to:**

- State and explain the components of IUEAs internal business environments. **(05 Marks)**
- The global environment factors that affect IUEA's business? **(05 Marks)**
- Explain how demographic shifts and technological developments create both challenges and new opportunities for IUEA's? **(05 Marks)**
- In conclusion, you are expected to make recommendations for improving IUEA's business practices given the prevailing business environmental factors. **(05 Marks)**

Question 12:

The term business ethics environment refers to what's right and wrong in decision making and therefore affect the performance of a company. The international standards and principles of code of ethics are often beyond a company's control. While companies often can't control their business ethics policy environment, they can evaluate standards, principles and policies before choosing to enter a particular market or industry or pursue other strategies. With relevant examples, explain the difficulties involved in ethical decision-making at both macro and micro level. Bring out the guidelines, which help in ethical decision-making at international level. **(20 Marks)**