Examination Period 3: 2016/17

BUS100117N

Module Title: Business Environment  
Level: Four  
Time Allowed: Two hours

Instructions to students:

- Enter your student number **not** your name on all answer books.
- Answer all questions from **Section A** plus **two** from **Section B**, one of which **must** be question 26.
- **Section A:**
  - Answer all questions on the EDPAC Answer Sheet. Please read the instructions on how to complete an EDPAC Answer Sheet before answering the questions.
  - On the EDPAC Answer Sheet please write your student name and number clearly.
  - Answer all questions using a HB pencil on the EDPAC Answer Sheet provided. Answer all questions by marking a clear, thick, horizontal line in the appropriate space.
- **Section B:**
  - Begin each answer in a separate answer book; label each answer book clearly with the number of the question you are answering.
  - Students are **not** permitted to remove this examination paper from the examination room. For all purposes the examination paper remains the property of the University of Northampton.

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**Section A: Multiple choice**

Answer **all** questions on the separate EDPAC sheet provided.

1. Which of the following was the *central cause* of the worldwide credit crunch of 2008?
   
   a. rising gas and oil prices  
   b. the growth of global car sales  
   c. sub-prime and derivative product trading  
   d. tight credit control in developed countries such as UK and USA

2. A recession often correlates with:
   
   a. the economy’s GDP decreasing  
   b. high unemployment rates  
   c. interest rates falling  
   d. all of the above

3. Economies of scale cause which of the following corporate benefits:
   
   a. the ability to expand overseas  
   b. the ability to hire better staff  
   c. the ability to seek better factory locations  
   d. lower average cost prices causing a growth in market share

4. Why is rising inflation a concern for government?
   
   a. the country’s exports will become less competitive in global markets  
   b. workers will demand higher wages  
   c. consumers will go deeper into debt  
   d. unemployment will rise

5. Which of the following are **not** considered barriers to entry in the Porter Model?
   
   a. economies of scale and scope  
   b. established distribution channels  
   c. patents  
   d. good customer care policies

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*Section A continues overleaf*
6. What is case law?
   a. law representing the decisions of the courts
   b. law passed by Parliament
   c. delegated legislation
   d. case law is not really law at all

7. The following are advantages of being a public limited company (plc) except:
   a. being able to sell shares on the Stock Exchange
   b. being liable to hostile take-over
   c. being able to raise capital from many sources
   d. being a legal entity separate from the owners and directors

8. The PESTLE analysis is used to represent:
   a. multiple dimensions of the external environment
   b. the company’s place in the marketplace
   c. a country’s political and economic environment
   d. the institutions and processes which determine a country’s level of development

9. In the UK which of these is not determined by the government:
   a. taxes
   b. interest rates
   c. government spending
   d. government borrowing

10. Which of the following has been the most influenced by globalization?
    a. logistics and supply chain management
    b. consumer markets
    c. labour markets
    d. national cultures

Section A continues overleaf
11. Which of the following is a push factor which would influence a company to internationalise?

   a. difficulty in finding skilled staff in the home country
   b. the need to be close to key resources
   c. low-cost labour in other countries
   d. financial incentives from governments in emerging markets

12. In some countries the ratio of older people to total population is rising rapidly. This is important to business because:

   a. it could change the pattern of demand for goods and services
   b. it will increase the supply of labour
   c. it will increase economic growth
   d. it could lead to a falling tax burden

13. Fiscal policy concerns which of the following:

   a. exchange rates
   b. public spending and taxation policies
   c. interest rates
   d. the consumer price index

14. The liberal market economy emphasises which of the following?

   a. strong government
   b. capitalist free markets
   c. high taxes
   d. social Welfare

15. An oligopoly is defined as:

   a. a cartel
   b. a few large producers who dominate a market
   c. a group of consumers who can dictate conditions to the producers
   d. a sector of the market dominated by game theory

16. The European Union (EU) is committed to which of the following?

   a. a single market
   b. strong national governments in member states
   c. enlargement
   d. the social market economic model

Section A continues overleaf
17. In which of the following environments is political risk likely to be the highest?

a. where the government is authoritarian  
b. where there are internal or external threats to the government  
c. where there is a large military establishment  
d. where there are diverse cultural groups

18. A recession may lead to:

a. the economy's GDP increasing  
b. high unemployment  
c. interest rates rising  
d. low unemployment

19. The 'burden of proof' is:

a. higher for criminal law than civil actions  
b. required to be the same for both criminal and civil cases  
c. lower for criminal cases than civil actions  
d. more important in common law systems than in systems based on codified law

20. Legal risk is:

a. greater in developing countries than in developed ones  
b. greater where the rule of law is weak  
c. greater in liberal market economies than in mixed economies  
d. lower in authoritarian states than in democratic ones

21. Competition law concerns:

a. breaking monopolies  
b. protecting small businesses  
c. controlling abuse of a dominant market position  
d. punishing price-fixing

22. Applying Hofstede’s cultural dimensions, which of the following combines high power distance and collectivism?

a. American society  
b. Asian societies  
c. European societies  
d. Scandinavian societies

Section A continues overleaf
23. The growth in the level of UK NEETS (those not in education, employment of training) is a by-product of:

   a. a rise in inflation
   b. economic growth
   c. falling interest rates
   d. an economic downturn

24. Innovation involves:

   a. a broad range of improvements across a firm’s operations
   b. scientific and technical research and new product development
   c. new ways of marketing the firm’s products
   d. making decisions about new corporate strategy

25. An eco-centred view of managing a firm might include all of these except:

   a. considering the carbon created by their products
   b. responding only to the needs of shareholders
   c. dealing with sustainability issues at board level
   d. joining the UN Global compact

End of Section A
Section B follows overleaf
Section B: Essay Questions

Students must answer question 26 plus one other question from this section.

26. Conduct a PESTLE analysis on one of the following organisations:
   - A supermarket chain
   - A regional theatre

   Critique the PESTLE framework as a business tool – what are its advantages and disadvantages?

27. What are the main social and demographic changes facing the UK and what are their likely impacts on the UK business environment in terms of a) business and b) consumers?

28. Explain the concept of corporate social responsibility and the extent to which the balance between social and environmental issues is changing, and why?

29. Outline and discuss Porter’s Five Forces model and the main competitive factors that influence the attractiveness of an industry, using examples from a sector/industry of your choice.

30. What are the main areas of technological progress that can be identified and what will be their likely impacts, positive and negative, on the business environment and various stakeholder groups in the next ten years?

End of Section B
End of Paper