

EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
DEPARTMENT OF COMMERCE

Third Year/ Second Semester Examination in Bachelor of Commerce- 2015/2016

(July/ August 2018) (Proper/Repeat)

DED 3072 Business Environment

Answer all questions

Time: 02 Hours

01. i. What is business environment? How does it affect a business?
(06 Marks)
- ii. What are the characteristics of business environment? What are the problems in understanding its influence on a business?
(06 Marks)
- iii. Write short note on environmental analysis or scanning.
(06 Marks)
- iv. Briefly discuss various elements of macro environment.
(06 Marks)
- v. What is globalization? Why do companies go global? Briefly discuss the ways in which globalization is manifested.
(06 Marks)
- vi. Discuss the Porter's five forces model of competitive analysis.
(06 Marks)
- vii. What do you understand by Social Responsibility of business? How is it different from Legal Responsibility?
(06 Marks)
- viii. What is a business ethics? Mention the basic elements of business ethics.
(06 Marks)
- ix. The trading of different goods and services is directly affected by these two basic principles; Principle of Comparative Advantage and Principle of Absolute Advantage. Explain.
(06 Marks)

- x. Consumer Affairs Authority (CAA) is the apex government organization mandated to protect consumers' interests and ensure fair market competition in Sri Lanka. What are the functions of CAA in Sri Lanka?

(06 Marks)
(Total 60 Marks)

02.

"A multinational company is one which is incorporated in one country (called the home country); but whose operations extend beyond the home country and which carries on business in other countries (called the host countries) in addition to the home country. It must be emphasized that the headquarters of a multinational company are located in the home country".

- a. Cite 2 major reasons why multinational corporations may be riskier than companies that operate on the domestic market only. Explain briefly. (06 Marks)
- b. Argue briefly why, by going multinational, corporations can decrease their total business risk. Give the name of a company whose international operations clearly have such an effect. (08 Marks)
- c. On the basis of on your answers on a. and b., would you expect multinational corporations to be more or less risky than domestic ones? (06 Marks)

(Total 20 Marks)

03.

Distinguish between the following terms:

- a. SWOT analysis and PEST analysis
- b. Privatization and Liberalization
- c. Consumer rights and Consumer protection
- d. Economic environment and Non- economic environment
- e. Fiscal policy and Monetary policy

(05 x 04 = 20 Marks)