

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

Third Year-Second Semester Examination in Bachelor of Commerce - 2014 / 2015

(August 2017) (Proper/Repeat)

DED 3072 BUSINESS ENVIRONMENT

Answer all questions

Time: 02 Hours

Understanding the environment within which the business has to operate is very important for running a business firm successfully at any place. Because, the environmental factors influence almost every aspect of business, be it its nature, its location, the prices of products, the distribution system, or the personnel policies."

- (a) What do you understand about the terms "Business" and "Business environment"?  
(06 Marks)
- (b) Describe the importance of business environment for the business firm.  
(06 Marks)
- (c) What are the tools used in the environmental analysis and briefly describe them?  
(08 Marks)
- (d) Describe in brief the economic environment of business.  
(05 Marks)
- (Total 25 Marks)

A Multinational Enterprise (MNE) is a highly developed organization with worldwide involvement; it obtains the factors of production from multiple countries and manufactures its products and markets them in specific international markets."

- (a) What is meant by Multinational Enterprise (MNE)? and describe its characteristics.  
(08 Marks)
- (b) Explain the importance of a Multinational Enterprises (MNE) in Sri Lankan context.  
(06 Marks)
- (c) What is the role played by Multinational Enterprises (MNEs) in today's international business scenario?  
(06 Marks)
- (d) What are disadvantages of a Multinational Enterprise (MNE)?  
(05 Marks)
- (Total 25 Marks)

3. Distinguish between the following terms:

- (a) Micro environment and Macro environment.
- (b) SWOT analysis and Porter's Five Forces analysis.
- (c) Privatization and Liberalization
- (d) Fiscal policy and monetary policy
- (e) Comparative advantage and Absolute advantage.

(Total 05 X 05 = 25)

4. Write short notes on the following:

- (a) Foreign Direct Investment (FDI)
- (b) Globalization
- (c) Consumer Affairs Authority (CAA).
- (d) Corporate Social Responsibility (CSR).
- (e) Business Ethics.

(Total 05 X 05 = 25)