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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR**  
**FIRST YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 6<sup>th</sup> December , 2024  
Time: 2.30pm –4.30pm

**KBA 2103 - INTRODUCTION TO BUSINESS**

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

**MAKING THE APPLE IPHONE**

In its early days, Apple usually didn't look beyond its own backyard to manufacture its devices. A few years after Apple started to make the Macintosh computer back in 1983, the late Steve Jobs bragged that it was "a machine that was made in America." As late as the early 2000s, Apple still manufactured many of its computers at the company's iMac plant in Elk Grove, California. Jobs often said that he was as proud of Apple's manufacturing plants as he was of the devices themselves. By 2004, however, Apple had largely turned to foreign manufacturing. The shift to manufacturing reached its peak with the iconic iPhone, which Apple first introduced in 2007. All iPhones contain hundreds of parts, an estimated 90 percent of which are manufactured abroad. Advanced, semiconductors come from Germany and Taiwan, memory from Korea and Japan, display panels and circuitry from Korea and Taiwan, chip sets from Europe, and rare metals from Africa and Asia. Apple's major subcontractor, the Taiwanese multinational firm Foxconn, performs final assembly in China.

Apple still employs some 43,000 people in the United States, and it has kept important activities at home, including product design, software engineering, and marketing. Furthermore, Apple claims that its business supports another 254,000 jobs in the United States in engineering, manufacturing and transportation. For example, the glass for the iPhone is manufactured at Corning's U.S. plants in Kentucky and New York. But an additional 700,000 people are involved in the engineering, building, and assembly of its products outside the United States, and most of them work at subcontractors like Foxconn. When explaining its decision to assemble the iPhone in China, Apple cites a number of factors. While it is true that labor costs are much lower in China, Apple executives point out that labor costs account for only a very small proportion of the total value of its products and are not the main driver of location decisions. Far more important, according to Apple, is the ability of its Chinese subcontractors, to respond very quickly to requests from Apple to scale production up and down.

Several of Apple's subcontractors have been targeted for their poor working conditions. Criticisms include low pay of line workers, long working hours, mandatory overtime for little or no additional pay, and poor safety records. Some former Apple executives say that there is an unresolved tension within the company; executives want to improve working conditions within the factories of subcontractors such as Foxconn but that dedication falters when it conflicts with crucial supplier relationships or the fast delivery of new products.

- a) From the apple case study above, discuss the various factors that may have pushed Apple to turn largely into foreign manufacturing (6 Marks)
- b) Explain three benefits of a business that can be derived from the above case study. (6 Marks)
- c) Discuss the environmental factors that may have influenced apple decision on assembling the iPhone in China. (6 Marks)
- d) If you are employed as apple company director, discuss the strategies you would adopt to motivate the demotivated workers. (6 Marks)
- e) Describe the various methods apple can adopt in order to act responsibly towards the suppliers and enhance good supplier relationships. (6 Marks)

### **QUESTION TWO (20 MARKS)**

- a) Business is an economic activity, which is related with continuous and regular production and distribution of goods and services for satisfying human needs. In support of the above statement describe the characteristics of a business. (6 Marks)
- b) Individuals with strong leadership skills in the business world often rise to executive positions such as CEO, president and chairman. State and explain leadership skills in business. (8 Marks)
- c) Professor Haney defines joint stock companies as voluntary associations which are distinct and different from the owners or shareholder. In the light of this statement identify distinctive features of joint stock companies. (6 Marks)

### **QUESTION THREE (20 MARKS)**

- a) Your friends have decided to set up a partnership business and they have been advised to draw a partnership deed or they have to rely on the provisions of the Partnership Act. They have no clue what this is. Explain the content of the partnership agreement. (6 Marks)
- b) A wholesale trader might be very different from a manufacturing company in terms of the functional areas that are necessary to the business. Discuss any four functional areas or departments that may be necessary in a wholesale shop. (8 Marks)
- c) The business is an open system and must interact with its environment to thrive. Any business that ignores its environment does so at its own risk. Explain five elements that make up the external environment giving practical examples of how they affect businesses from the Kenyan scenario. (6 Marks)

#### **QUESTION FOUR (20 MARKS)**

- a) Mark is an upcoming businessman in Avocado farming in Kitui. He has been farming avocado in his farm and selling them in the nearby shopping centers. His business for avocado has expanded following the great demand for avocados in China. The business has been a source of his livelihood and his family. Ben, who is a friend from Europe has advised him that he can gain more from E-Commerce. However, mark believes that his business is a small business to cater for his family needs. He doesn't really understand what E-commerce is. Explain to Mark what is E-commerce and the benefits he may gain from E-commerce. (6 Marks)
- b) Management in business is responsible for the formation and implementation of business policies and strategies. Discuss various functions of management. (6 Marks)
- c) Discuss the various key marketing mix elements. (8 Marks)

#### **QUESTION FIVE( 20 MARKS)**

- a) The role of production management is to harmonize all key aspects related to production. Sometimes also referred to as the 5 Ms of production. Explain the key aspect of production. (8 Marks)
- b) As an expert in business management, you have been invited to make a presentation on the possible sources of funds for a newly established business. Discuss. (6 Marks)
- c) Highlight the benefits of Production Management in manufacturing. (6 Marks)