



# UNIVERSITY OF LUSAKA

**SCHOOL OF BUSINESS, ECONOMICS AND MANAGEMENT**

**BBA 140 – BUSINESS ENVIRONMENT**

**MID SEMESTER EXAMINATION**

**DATE: TUESDAY 18<sup>TH</sup> TUESDAY 2017**

**TIME: 09:00 – 12:00 HOURS**

**TIME ALLOWED: 3 Hours plus 5 minutes reading time**

**INSTRUCTIONS TO THE CANDIDATES:**

1. Read the instructions very carefully.
2. Check that you have the correct examination paper in front of you.
3. Answer question ONE in SECTION A and ALL THREE (3) questions from SECTION B.
4. All questions must be answered in the answer booklet only.
5. Write down the number of questions that you have answered on the cover of the examination answer booklet.
6. Begin each question on a new page.
7. No books, files or mechanical / electronic aids are permitted.
8. There shall be NO communication among students during the examination. Any students caught doing this will be disqualified.

**DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO.**

## SECTION A

### Case Study – Royal Mail

The Royal Mail is part of the Post Office Group. The Post Office is a public corporation. The Royal Mail is responsible for providing the postal service in the United Kingdom. The Royal Mail operates one of the cheapest and most efficient postal services in Europe. A major reason for this is because in 1997 it invested £200m in computerised sorting machinery. The Royal Mail Processing Centre in Edinburgh is one example of the investment that has been made. Letters and packets posted throughout the south-eastern part of Scotland are collected and taken to The Royal Mail Processing Centre. It is responsible for ensuring that the letters and packets are processed. This processing involves sorting the letters and packets so that they can be delivered. The Royal Mail Processing Centre is a 'state of the art' operation, equipped to handle between three and four million letters and packets daily. The Centre's responsibility also covers quality assurance and customer liaison. The target for first class mail is delivery the next day. For second class mail the target is delivery within two days.

The use of information technology is vitally important to the efficiency of operations within the Royal Mail Processing Centre. The Centre uses a combination of computerised machinery, specialist database software, Optical Character Reader equipment, networked personal computers and video-coding equipment. The process of dealing with incoming letters and packets has three stages:

#### **Stage 1: CFC process**

There are five CFC machines at the Mail Centre. The mail is loaded into machines and they automatically 'face' the envelopes (i.e. turn them face upwards) and 'cancel' the stamps. The mail is then 'tumbled' onto a conveyor belt for the next stage of the process. **Each machine handles 30,000 items an hour. If this process were carried out manually each person would only process 1,000 letters or packets per hour.**

**Stage 2: MTT process** The mail is guided along the conveyor belt past an optical character reader (OCR). This OCR reads the postcode and puts a red barcode (of the

postcode) on the envelope. The barcode is read by the Letter Sorting Machine at the next stage in the process.

If the OCR cannot read a postcode on a letter or packet, the postcode is copied and transferred as an image to a video-coding area located elsewhere in the building. In the video-coding area, specialist operators work on networked personal computers. The operators receive the image of the postcode and they use a specialist database (called a postcode address file) to code the images. The images are then sent back for bar-coding. The mail involved can then be included with the rest of the mail. The operators in the video-coding area process at least 1,750 images an hour.

### **Stage 3: LSM process**

This stage of the process reads the barcodes and sorts the mail into individual postman/woman's rounds (called walksorts). The sorted mail then comes off the machines and goes into upright trolleys. These trolleys can then be dispatched to delivery offices. When it arrives, it is ready for delivery. Incidentally, the walksorts are compiled by a specialist software database program which can make them up in approximately two days. The manual system previously used took 6 weeks from start to finish.

### **Required**

A. Businesses today welcome technological advancements as a way to grow, diversify and gain competitive advantage. Given the case of the Post Office, briefly discuss the effects technological advancements have on :

- i. Employees
- ii. Competitors
- iii. Investors

[15 marks]

B. Describe the relationship between the following:

- i. Technology and Economic factors
- ii. Technology and Social factors

[10 marks]

**[TOTAL: 25 MARKS]**

**SECTION B (Answer all questions)**

**QUESTION ONE**

A. Explain the concept of competitive advantage and use appropriate industry examples to discuss the factors that lead to superior profitability. [6 marks]

B. An organization's internal environment consists of conditions and forces within the organization. Explain the impact of culture and the employees on the organization. [10 marks]

C. Mention any three characteristics that would distinguish a public limited company from a private limited company. [9 marks]

**[TOTAL: 25 MARKS]**

**QUESTION TWO**

A. Using the five forces framework, evaluate the competitive environment of the Milling Industry in Zambia. [20 marks]

B. Review the limitations of using the five forces framework. [5 marks]

**[TOTAL: 25 MARKS]**

**QUESTION THREE**

A. Mention two (2) advantages and two (2) disadvantages of the following:

a. Market Economy [4 marks]

b. Planned Economy [4 marks]

c. Mixed Economy [4 marks]

B. In no more than 2 sentences each, define the following and provide an example:

- a. Monopoly [3 marks]
- b. Oligopoly [3 marks]
- c. Monopolistic competition [3 marks]

C. As a business operating in Lusaka today, how would you describe the economic outlook and which business cycle would you be operating in? Justify. [4 marks]

**[TOTAL: 25 MARKS]**

**END OF EXAMINATION**