

**KARATINA UNIVERSITY**

**UNIVERSITY EXAMINATION**

**2021/2022 ACADEMIC YEAR**

**SECOND-YEAR**  **SECOND SEMESTER** **EXAMINATION**

**FOR THE DEGREE OF**

**BACHELOR OF EDUCATION ARTS**

**COURSE CODE: BBM 371**

**COURSE TITLE: BUSINESS ENVIRONMENT**

**DATE: 7 JUNE 2022** **TIME: 0900-1200 HRS**

**INSTRUCTION TO CANDIDATES:**

* ***See inside.***

**PLEASE TURN OVER**

**Aetna Health Insurance Company.**

Founded in 1853, Aetna, Inc. is an American diversified health insurance company, providing a range of traditional and consumer-directed health care insurance products and related services, including medical, pharmaceutical, dental behavioral health group life, long term care, and disability plans, and medical management capabilities. With revenues of $30.950 billion (2008) and a workforce totaling 35258(2008), Aetna is a member of the fortune 100. Aetna moved up on the fortune 500 lists in 2009. The company’s strong gains in revenues in 2008 were largely the result of Aetna’s integrated and segmentation strategies, which led to strong membership gains.

**The Aetna Mission**

Aetna is dedicated to helping people achieve health and financial security by providing easy access to safety, cost effect, high-quality health care, and protecting their finances against health-related risks. Building on a 156- year heritage, Aetna will be a leader in cooperating with doctors and hospitals, employers Patients, public officials, and others to build a more effective health care system.

**Vision**

To earn the distinction, financially and by reputation, of being the preferred benefits company

In all aspects of our business. We strive to be the industry leader by including the best ideas and

Perspectives are available. This in turn enables Aetna to develop the most relevant solutions for each of our markets.

**Strategy:**

Aetna will be the industry leader in the diverse marketplace. We will deliver best‐in‐class service

to our customers because we want them to be comfortable when doing business with us.

To achieve this mission we will:

Create innovative and tailored product and service solutions that will meet the unique needs of

Our customers.

Develop a diverse supplier base, reflecting our multicultural environment that supports innovative ways to deliver best‐in‐class services to them.

Build a workforce that fully understands the diverse communities where we do business.

Foster a culture of inclusion that grows a diverse talent pool and recognizes and rewards the

Contributions of every employee, whilst allowing employees to do their best work.

**SOURCE:** <http://mitworld.mit.edu/video/614>.

**Required:**

**QUESTION ONE**

1. Discuss four powers that are likely to affect Aetna Health Insurance Company and create competition within the industry: **( 8 marks)**
2. Explain two advantages and two disadvantages that Aetna Health Insurance Company will experience as a result of liberalization. **(8 marks)**
3. Justify three micro environment factors that contributed to the superior performance of the company listed in Forbes 2009. **(6marks)**
4. Highlight three innovative strategies by the company to increase its membership base. **(3 marks)**

**QUESTION TWO**

1. Omondi opens a shop at Kagochi. Justify five benefits the community around would accrue from this business? **( 10 marks)**
2. Explain five external business environment factors that would influence the business negatively?

**(5 marks)**

**QUESTION THREE**

1. A manufacturing firm has been consistently releasing toxic wastes into the neighborhood. Outline five measures you can take to stop the firm from such malpractice? (**10 marks**)
2. Highlight internal weaknesses that affect business performance? ( **5 marks**)

**QUESTION FOUR**

1. Explain reasons why the government should create an enabling environment for investors?

**(10 marks)**

1. State five reasons for ethical practices in business**? (5 marks)**

**QUESTION FIVE**

1. Explain measures a business can take to ensure its environment is conducive to its business activities? **(10 mark)**

b) Describe the economic policies that are formulated from time to time and they affect business activities and operations. **(5 marks)**

**QUESTION SIX**

1. Explain five ways the internal business environment affects business operations?  **(10 marks)**
2. Explain the rationale of technology adaptation and absorption by businesses in Kenya **(5 marks)**