

**UNIVERSITY OF BOLTON**

**RAK ACADEMIC CENTRE**

**BUSINESS MANAGEMENT**

**SEMESTER ONE EXAMINATIONS 2019/2020**

**BUSINESS ENVIRONMENT**

**MODULE NO: BMP4003**

**Date: Wednesday 15<sup>th</sup> January 2020**

**Time: 1.00pm – 3.00pm**

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**INSTRUCTIONS TO CANDIDATES:**

There are four compulsory questions on this paper.

Answer **ALL** the questions provided.

All questions carry equal marks.

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University of Bolton  
RAK Academic Centre  
Business Management  
Semester One Examination 2019/20  
Business Environment  
Module No. BMP4003

**Answer all questions:**

1. Briefly explain the following microeconomic terms:

- a) Income elasticity of Demand
- b) Monopoly
- c) Production Possibility Frontier (PPF)
- d) Short Run Costs

**25 marks**

2. a) Give three examples of demand shocks that would shift a demand curve to the left. (10 Marks)

b) Draw a supply and demand graph (no need for specific numbers) to show the effects of the following on the demand and supply of potatoes.

Both effects should be shown on the same graph.

- i) A famous blogger promotes a recipe that involves lots of potatoes (Demand)
- ii) A new technology is developed which makes producing potatoes more efficient (Supply)

(10 Marks)

c) Illustrate how the original equilibrium price and quantity change (i.e. increase, decrease or stay the same) following the effects illustrated in part b. (5 marks)

**25 marks**

3. Define unemployment and explain the major types of unemployments. Also explain the private and social costs of unemployment.

**25 marks**

4. a) Define Gross Domestic Product (5 Marks)

b) Define both the Expenditure and Income approaches to measuring GDP. How do they differ? (15 Marks)

c) What is the difference between nominal and real GDP? (5 Marks)

**25 marks**

**END OF QUESTIONS**