

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA**  
**FOUNDATION LEVEL EXAMINATION-PILOT QUESTIONS AND SOLUTIONS**  
**BUSINESS ENVIRONMENT**

Time Allowed: 3 ¼ hours (including 15 minutes reading time)

**SECTION A:                      MULTIPLE-CHOICE QUESTIONS                      (20 MARKS)**

**INSTRUCTION:                      YOU ARE REQUIRED TO ATTEMPT ALL QUESTIONS IN THIS SECTION**

1. The scale that is used to measure the efficiency of business activities is referred to as \_\_\_\_\_.  
  - A. Innovation
  - B. Dependability
  - C. Productivity
  - D. Proactiveness
2. The type of company that cannot sell shares to the general public, but can only sell shares to a maximum of 50 people is known as \_\_\_\_\_.  
  - A. Joint venture
  - B. Unlimited liability company
  - C. Private limited liability company
  - D. Public limited liability company
3. The high-level groupings of a company's capabilities and processes that describe its work is known as \_\_\_\_\_.  
  - A. Business functions
  - B. Business Alliance
  - C. Partnering
  - D. Management Functions
4. The following are all characteristics of a decentralised organisational structure EXCEPT:  
  - A. Distribution of authority and decision-making
  - B. Empowerment of lower-level employees
  - C. Flexibility of organisational mission and vision
  - D. Communication channels and information flow
5. The social science that studies the implications of incentives and decisions and how they affect the utilisation and distribution of resources on an individual level is called \_\_\_\_\_.  
  - A. Microeconomics
  - B. Economic health
  - C. Micro analysis
  - D. National environment
6. The principle that emphasises the duty to act in ways that benefit others is referred to as \_\_\_\_\_.

- A. Autonomy
  - B. Justice
  - C. Equity
  - D. Beneficence
7. Evaluating and assuring information, systems, processes, or controls to provide confidence to stakeholders is known as \_\_\_\_\_.
- A. Assurance
  - B. Audit
  - C. Internal check
  - D. Periodic reconciliations
8. Internal controls are established to further strengthen.
- A. The reliability and integrity of information
  - B. Compliance with policies, plans, procedures, laws and regulations
  - C. The safeguarding of stakeholders' integrity
  - D. The economical and efficient use of resources
9. Defining performance goals for the organisation and determining what actions and resources are needed to achieve the goals is known as \_\_\_\_\_.
- A. Organising
  - B. Directing
  - C. Controlling
  - D. Planning
10. The potential to influence and drive the group efforts towards the accomplishment of goals is known as \_\_\_\_\_.
- A. Management
  - B. Leadership
  - C. Advocacy
  - D. Enforcement
11. Groups composed of members from different departments or areas of expertise within an organisation \_\_\_\_\_.
- A. Multi-functional
  - B. Multi-dimensional
  - C. Multi-disciplinary
  - D. Multi-purpose

12. Frank and Lillian Gilbreth propounded the \_\_\_\_\_ theory of motivation.
- A. Self-Actualisation
  - B. Motion
  - C. Theory X and Y
  - D. Scientific
13. The market demand curve that a monopoly firm faces is known as \_\_\_\_\_.
- A. Average revenue curve
  - B. The revenue curve overall
  - C. The revenue curve at the margin
  - D. The curve of variable costs
14. Which of the following best describes GDP at factor cost?
- A. GDP minus indirect taxes and subsidies
  - B. GDP minus subsidies and indirect taxes
  - C. GDP plus subsidies and indirect taxes
  - D. GDP minus indirect taxes plus subsidies
15. Which of the following is NOT a role of commercial banks?
- A. Taking cash deposits
  - B. Printing and distributing coins and currency notes
  - C. Making advances and loans
  - D. Safeguarding priceless objects
16. In order to encourage economic growth and development, which of the following Institutions regulates the money supply in the economy?
- A. Development banks
  - B. Commercial banks
  - C. Financial institutions
  - D. The Central Bank
17. The main function of Data Manipulation Language (DML) in DBMS is to:
- A. Format computer drives
  - B. Control access to hardware
  - C. Insert, retrieve, or delete data
  - D. Build network infrastructure
18. A spreadsheet is MOST suitable for \_\_\_\_\_.
- A. Graphic rendering
  - B. Budgeting and financial analysis
  - C. Malware detection
  - D. Cloud backup

19. What distinguishes a knowledge database from a traditional database?
- A. Uses blockchains
  - B. Includes experiential insights and FAQs
  - C. Encrypts data by default
  - D. Exists only on physical servers
20. A Customer Relationship Management (CRM) system helps businesses primarily by:
- A. Increasing their product inventory
  - B. Tracking customer interactions and preferences
  - C. Performing statistical modelling
  - D. Encoding accounting standards

**SECTION B:****OPEN ENDED QUESTIONS****(80 MARKS)****INSTRUCTIONS: YOU ARE REQUIRED TO ANSWER FOUR QUESTIONS IN THIS SECTION****QUESTION 1**

At Greenfields Manufacturing Ltd, management recently introduced a new approach by bringing together employees from various departments to work in designated groups. These groups have held several sessions over the past few months, contributing to how certain matters are now handled within the company.

**Required:**

a. State and explain the purposes of committees in organisations. (6 Marks)

b. Highlight any FIVE (5) advantages and any FOUR (4) disadvantages of a committee. (14 Marks)

**(TOTAL – 20 Marks)****QUESTION TWO**

The top management of Oriade Systems Limited has been holding periodic strategy sessions to carry out environmental scanning of the factors that could influence the company. These meetings have become a routine part of how Oriade Systems Limited plans its operations and future direction.

**Required:**

a. Define environmental scanning. (3 Marks)

b. Highlight any FIVE (5) importance of environmental scanning to an organisation. (5 Marks)

c. Explain PESTEL analysis as a tool for environmental scanning. (12 Marks)

**(TOTAL – 20 Marks)****QUESTION THREE**

At a recent meeting of the Partners of Austin Consulting Services, concerns were raised about how certain issues were being managed, sparking a wider discussion on work expectations and professional requirements.

**Required:**

a. State and explain the importance of ethics to the professional accountant. (5 Marks)

b. Highlight FIVE (5) roles of professional bodies and regulators in promoting ethical awareness and discipline. (7½ Marks)

c. List and explain the fundamental principles of ethics (7½ Marks)

**TOTAL – 20 Marks****QUESTION FOUR**

Conflicts often occur in organisations, therefore, management need to develop strategies to manage them.

**Required:**

a. State FIVE (5) reasons why conflicts are common in organisations (5 Marks)

b. List and explain FIVE (5) modes or styles of conflict management. (7½ Marks)

c. Highlight the strategies for conflict management. (7½ Marks)

**(TOTAL – 20 Marks)**

## QUESTION FIVE

Many organisations review economic trends and consider how institutions and market structures can influence both their short- and long-term decisions.

### Required:

- a. Explain perfect competition. (2 Marks)
  - b. Explain the long-run equilibrium position of a firm operating under conditions of perfect competition. (6 Marks)
  - c. Highlight **FOUR(4)** main functions of the Central Bank (8 Marks)
  - d. Differentiate between 'money market' and 'capital market'. (4 Marks)
- (TOTAL – 20 Marks)**

## QUESTION SIX

In today's fast-changing business landscape, organisations across all sectors continue to explore how advancements in technology, data management, and security can shape their operations and competitiveness. Discussions around these areas often focus on how to leverage new tools for strategic advantage, make more informed decisions, and safeguard valuable information against evolving risks. As businesses adapt to this environment, understanding these concepts becomes essential for sustaining growth and maintaining trust.

### Required:

- a. Explain **FIVE (5)** strategic uses of Information Technology (IT) in modern business operations. Use relevant examples to support your answer (10 marks)
  - b. Explain the concept of big data analytics and describe **THREE (3)** ways it enhances decision-making in business. (6 marks)
  - c. Highlight **TWO (2)** major cybersecurity threats to business data and provide **ONE (1)** strategy to mitigate each. (4 marks)
- (TOTAL – 20 Marks)**

## SUGGESTED SOLUTIONS

### SECTION A: MULTIPLE CHOICE QUESTIONS

1. C
2. D
3. A
4. C
5. A
6. D
7. A
8. B
9. D
10. B
11. C
12. B
13. A
14. B
15. B
16. D
17. C
18. B
19. B
20. B

## SECTION B

### SOLUTIONS

#### SOLUTION 1

- a. Committees in organisations serve diverse purposes, including facilitating collaboration, enhancing decision-making, and ensuring efficient operations. They act as specialised groups to address specific issues, provide recommendations, and contribute to the overall strategic direction of the organisation.

The following are some of the purposes of committees in organisations:

- i. Enhanced decision-making
  - **Diverse perspectives:** Committees bring together individuals with varying expertise and viewpoints, leading to more comprehensive and well-informed decisions.
  - **Specialised expertise:** Committees allow for focused attention on specific areas, enabling deeper analysis and more effective solutions.
  - **Reduced risk:** By considering multiple perspectives, committees can identify potential risks and challenges associated with decisions, mitigating potential negative impacts.
- ii. Streamlined operations and efficiency
  - **Delegation of tasks:** To distribute workload efficiently, organisations set up committees, which can handle specific tasks, allowing the board or leadership team to focus on broader strategic initiatives.
  - **Coordination:** In order to align efforts across departments and units, committees may be set up to address specific issues.
  - **Detailed analysis and planning:** Committees can delve into complex issues, conduct research, and develop detailed plans, providing recommendations to the larger body.
  - **Effective communication:** Committees facilitate communication and information sharing among different departments or stakeholders, promoting better coordination.
  - i. **Governance and oversight**
    - **Board support:** Committees, particularly in the context of boards of directors, play a vital role in supporting the board's functions by handling specific areas like audit, nomination, or risk management.
    - **Accountability and transparency:** Committees can enhance accountability and transparency by establishing evaluation processes and ensuring adherence to organisational values.
    - **Training and development:** Committees provide opportunities for members to develop their skills and leadership abilities, contributing to the organisation's future leadership pipeline.
  - ii. Addressing specific issues
    - **Problem solving:** Committees can be formed to address specific problems or challenges, bringing together relevant expertise to find solutions.
    - **Project management:** Committees can be responsible for overseeing the progress and execution of specific projects, ensuring they align with organisational goals.
    - **Policy development:** Committees can play a crucial role in developing and reviewing organizational policies and procedures.
    - **Conflict resolution:** Committee may be setup to mediate disputes through structured discussions.



In essence, committees are valuable tools for organisations to leverage collective intelligence, streamline operations, and ensure effective governance.

**b. Advantages and disadvantages of committees**

The main advantages of committee can be highlighted as follows:

- i. Benefit of specialisation: A committee is a group of highly qualified and specialised people put together for a specific purpose. Members are well informed about the matter under consideration. Thus, there is a benefit of specialisation to the organisation;
- ii. Better solution: As a result of specialisation and collective knowledge of members, quality decision is possible. It helps to find out better solution for complex problem;
- iii. Participative management: Committee gives focus on equal participation of all members while taking decisions. All members can air their views and opinions while making major decisions;
- iv. Several alternatives: Committees can identify several possible alternatives to solving problems because of the collective knowledge of highly qualified experts and specialists. They help the management to select the most appropriate alternatives;
- v. Better communication: Committees promote better and effective communication among the members to minimise conflict and misunderstanding; and
- vi. Team spirit: Committees promote team spirit and sense of cooperation among members, which helps to motivate them towards the achievement of specific objectives.

**c. Disadvantages of committees in organisations**

The main drawbacks or disadvantages of committees can be highlighted as follows:

- i. Slow decision-making: There are several members with different qualifications and backgrounds, hence, their opinions and ideas may differ from one another. Divided opinions may slow down decision-making;
- ii. Lack of confidentiality: Given the large number of members from different backgrounds, it is not easy to maintain confidentiality;
- iii. Increased cost and resource drain: Running committees could be costly and time consuming, especially when it involves experts and specialists hired to get better results;
- iv. Compromised decisions: Decisions may be watered-down to please individual members;
- v. Lack of accountability: In an attempt to attain compromise or unanimous decisions, it becomes very difficult to place accountability on members for any decision; and
- vi. High chance of conflict: There is a high chance of conflict amongst members because of ego and selfish interest of some members.

## **SOLUTION 2**

- a.** Environmental scanning refers to the process of continually acquiring information about events, trends, and changes in an organisation's internal and external environments. The external environment includes elements such as economic, political, social, technological, legal, and ecological factors, often summarised as the PESTLE framework. Internally, the scanning focuses on organisational resources, capabilities, and internal processes.

The aim is to identify opportunities, threats, strengths, and weaknesses that can influence an organization's performance. By doing so, businesses can align their strategies with the environment, ensuring that they are proactive rather than reactive.

- b. Environmental scanning is important for organisations to determine their strategic directions. Environmental scanning helps organisations to improve or enhance their ability to respond to changing environment.

The importance of environmental scanning includes:

- i. **Facilitating strategic planning:** One of the primary purposes of environmental scanning is to serve as a foundation for strategic planning. By understanding external opportunities and threats alongside internal strengths and weaknesses, businesses can develop realistic and effective objectives. For example, identifying a growing market trend enables companies to tailor their products or services to meet emerging needs.
- ii. **Enhancing decision-making:** Environmental scanning equips leaders with data-driven insights, minimising uncertainties in decision-making. When organisations are aware of industry trends, competitive dynamics, and regulatory changes, they can make informed choices about investments, market entry, or product development.
- iii. **Identifying opportunities and threats:** Opportunities may include emerging markets, technological disruptions, or favourable policy changes. Conversely, threats could arise from increased competition, economic downturns, or environmental regulations. Identifying these factors early allows organisations to seize opportunities and mitigate risks.
- iv. **Strengthening competitive advantage:** In highly competitive industries, staying ahead requires understanding competitors' strategies, customer preferences, and industry trends. Environmental scanning provides the intelligence needed to innovate and maintain a competitive edge. For example, by tracking technological advancements, a company can stay ahead by adopting new tools before competitors.
- v. **Adapting to change:** The global business environment is constantly evolving, influenced by technological breakthroughs, societal shifts, and geopolitical events. Environmental scanning ensures that organisations remain agile and resilient amidst change, allowing them to pivot strategies when needed.
- vi. **Aligning with regulatory and ethical standards:** Understanding the legal and ethical landscape is critical for compliance and corporate social responsibility. Environmental scanning ensures that businesses remain aligned with evolving regulations and societal expectations, enhancing reputation and reducing legal risks.
- vii. **Optimising resource allocation:** With insights gained from environmental scanning, organisations can allocate resources more effectively. For instance, identifying a high-growth market may lead to increased investments in marketing or product development, ensuring maximum returns.
- viii. **Enhancing long-term sustainability:** Sustainability is no longer optional but a necessity for modern organisations. By scanning ecological and social trends, businesses can align strategies with sustainable practices, ensuring long-term viability and customer trust.

- c. **PESTEL analysis as a tool for environments scanning**

The components of **PESTEL** analysis are:

- i. **Political factors:** Political factors refer to government actions, policies, and regulations that influence the business environment. These can include:
  - government stability and policies;
  - trade restrictions and tariffs;
  - tax policies and economic reforms; and
  - foreign relations and political risk.For instance, changes in government leadership or trade agreements can have significant effects on industries, such as manufacturing, energy, or technology.
- ii. **Economic factors:** Economic factors focus on the broader economic landscape that impacts an organisation.

**Key considerations include:**

- economic growth rates;
- inflation and interest rates;
- exchange rates and global trade conditions; and
- employment levels and consumer spending.

A company entering a market with robust economic growth might experience high demand, while one operating in a recessionary economy might face challenges.

- iii. **Social factors:** Social factors encompass societal trends, demographics, and cultural influences. These factors shape consumer behaviour and societal expectations.

Examples include:

- demographic shifts such as aging populations;
- cultural attitudes toward sustainability or gender equality; and
- changes in consumer lifestyles and preferences.

For instance, a growing emphasis on health-conscious lifestyles may drive demand for organic food or fitness products.

- iv. **Technological factors:** Technological factors involve advancements in technology and innovation that can disrupt or enhance industries.

These factors include:

- emerging technologies such as AI and Blockchain;
- digital transformation and automation trends;
- Investments in Research, Development and Innovations in various sectors; and
- technology infrastructure like 5G networks.

Companies that fail to adapt to technological changes risk obsolescence, whereas innovators may gain competitive advantages.

- v. **Environmental factors:** Environmental factors address ecological and environmental impacts, alongside growing concerns about sustainability. These include:

- climate change and its effects;
- regulations on carbon footprint and emissions;
- availability of natural resources; and
- consumer demand for eco-friendly products.

Businesses that adopt sustainable practices often improve their brand image and reduce risks associated with environmental regulations.

- vi. **Legal factors:** Legal factors pertain to laws and regulations that govern industries and businesses. These can include:

- employment laws and labour rights;
- regulations on data protection and privacy;
- health and safety standards; and
- intellectual property laws.

Non-compliance with legal requirements can lead to fines, lawsuits, or reputational damage.

## SOLUTION 3

### a. Importance of ethics to a professional accountant

- i. Ensuring accurate financial reports: One of the reasons that ethics are essential in accounting is to ensure the accuracy and reliability of financial reports. Financial statements are the backbone of any business, and they must be accurate and understandable to users. Ethical accountants will not manipulate data to make their clients' financial situations look better than they are. Instead, they will provide accurate financial reports reflecting the company's true financial situation.
- ii. Promoting accountability and trust: Ethical accounting practices promote accountability and trust. Investors, shareholders, and the public can trust a company's financial reports if they are transparent and accurate. This trust is essential for the success of any business because it provides a solid foundation for long-term relationships. However, if a company is known to manipulate its financial data, it will not only lose the trust of its stakeholders but may also face legal penalties.
- iii. Preventing fraud and financial crimes: Properly trained accountants can spot financial activities that are suspicious and report them to the appropriate authorities. This helps protect the company from fraud and keeps the public safe from misinformation.
- iv. Promoting integrity and professionalism: Ethical accounting practices promote a culture of integrity and professionalism. Companies that prioritise ethical behaviour in their accounting practices are more likely to attract and retain skilled and honest accountants. Such professionals are motivated to work for companies that share their values.

### b. Professional bodies and regulators play a crucial role in promoting ethical practices within various fields and industries. Their influence helps maintain standards, protect public interest, and enhance the credibility of professions. The following are some of the key roles they play in this regard:

- i. Establishing codes of ethics: Professional bodies often develop and publish codes of ethics or conduct that outline the expected behaviour and moral principles for their members. These codes serve as a basis for ethical decision-making and professional conduct;
- ii. Providing training and resources: They offer training programmes, workshops, and resources to educate members about ethical issues and challenges in their fields. This helps professionals to understand the importance of ethics in their work and how to handle ethical dilemmas;
- iii. Setting standards: Professional bodies establish standards for practice that reflect ethical considerations. By defining what constitutes acceptable behaviour, they guide members in maintaining professional integrity;
- iv. Certification and accreditation: Many professional bodies provide certification or accreditation that signifies adherence to ethical practices. This not only enhances the professional's credibility but also assures clients and the public of the professional's commitment to ethical standards;
- v. Monitoring and enforcement: Professional bodies often have mechanisms in place to monitor member behaviour and enforce ethical standards. This may include investigating complaints, holding disciplinary hearings, and imposing sanctions for unethical conduct;
- vi. Promoting accountability: They encourage accountability among members by requiring transparency and reporting of unethical practices. This fosters a culture of responsibility and integrity within the profession;
- vii. Advocating public interest: Professional bodies advocate for the public interest, ensuring that members prioritise the welfare of clients and society. This includes awareness campaigns about the ethical implications of professional practices;

- viii. Continuous Professional Development (CPD): By mandating CPD, professional bodies ensure that members stay updated on ethical practices and emerging issues in their fields, reinforcing the importance of ethics throughout their professional careers;
  - ix. Facilitating dialogue: Professional bodies provide platforms for discussion on ethical issues, promoting dialogue amongst members about challenges and best practices. This collaborative approach fosters a community dedicated to upholding ethical standards; and
  - x. Influencing policy and legislation: They may engage with policymakers to influence laws and regulations that uphold ethical standards in the profession, thereby extending their impact beyond their membership.
- c. Fundamental principles of ethics
- Professional ethics are the backbone of trust, integrity, and excellence in any vocation. These principles form the foundation upon which individuals and organisations build reputations, nurture client relationships, and uphold the dignity of their respective professions. While each profession may have its own code of ethics tailored to its unique challenges, most codes of professional ethics share core principles that transcend industries and national boundaries.
- Fundamental principles of ethics are:
- i. **Integrity:** At the heart of all ethical frameworks lies the principle of integrity. Professionals are expected to act with honesty, transparency, and consistency in their actions and decisions. Integrity means adhering to moral and ethical standards, even when it is inconvenient or tempting to do otherwise. It requires individuals to be truthful and to avoid conduct that would bring dishonour to themselves, their profession, or those they serve. Integrity manifests in daily professional life through:
    - delivering accurate information, even when the truth is uncomfortable;
    - refusing to engage in or condone fraud, misrepresentation, or deception; and
    - standing by ethical decisions, even under pressure to compromise.
  - ii. **Competence and diligence:** Professional ethics demand that individuals maintain a high standard of knowledge, skill, and care in their work. Competence refers to the ability to perform one's duties with proficiency and expertise, while diligence is the commitment to thoroughness, attention to details, and ongoing improvements. To uphold this principle, professionals should:
    - engage in lifelong learning and professional development;
    - stay current with advances and best practices in their fields; and
    - accept tasks or responsibilities only when qualified or seek guidance from knowledgeable peers as required.

Negligence, incompetence, or indifference to one's professional obligations can result in harm to clients, colleagues, or the public, and erode trust in the profession.
  - iii. **Confidentiality:** Many professions, such as accountancy, law, medicine, and counselling, require strict confidentiality. Professionals must protect sensitive information entrusted to them by clients, patients, or colleagues. This principle is not only a legal obligation in many cases, but an ethical one rooted in respect for privacy and dignity. Confidentiality is maintained by:
    - only sharing information with those authorised to receive it;
    - taking steps to secure records, data, and communications from unauthorised access; and
    - explaining to clients the limits of confidentiality, such as mandatory reporting laws or risks of harm.

Breaches in confidentiality can result in loss of trust, legal liability, and personal or professional harm.

- iv. **Objectivity and impartiality:** Professionals are called upon to make judgments and provide advice or services that are fair, unbiased, and based on factual evidence. Objectivity means setting aside personal interests and emotions to serve clients, employers, and the public with impartiality.

Key elements include:

- disclosing any potential conflicts of interest;
- refraining from allowing personal relationships, beliefs, or financial incentives to influence professional decisions; and
- evaluating situations and individuals based solely on relevant criteria and evidence.

This principle ensures that the trust placed in professionals is not undermined by favouritism, prejudice, or self-interest.

- v. **Responsibility and accountability:** With professional status comes responsibility.

Professionals must acknowledge the impact of their decisions and actions, taking ownership of outcomes—both positive and negative. Accountability involves being answerable to clients, the profession, regulatory bodies, and society at large.

Practically, this means:

- delivering services reliably and as promised;
- admitting and correcting mistakes promptly; and
- cooperating with investigations or audits and complying with laws and regulations governing the profession.

Responsible professionals consider the broader consequences of their actions and strive to serve the public good.

#### **SOLUTION 4**

- a. There are many reasons why people disagree. Many conflicts revolve around:

- i. personal values (real or perceived);
- ii. perceptions;
- iii. conflicting goals;
- iv. power dynamics; and
- v. communication style.

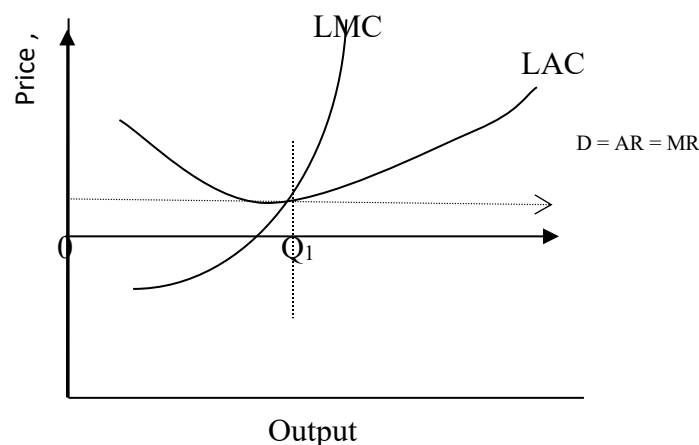
- b. There are FIVE modes or styles of conflict management:

- i. **Accommodating:** An accommodating mode of conflict management tends to be high in cooperation but low in assertiveness. With this style, one resolves disagreements by sacrificing one's needs and desires for those of the other party. This management style might benefit one's work when conflicts are trivial, and one needs to move on quickly. At home, this style works when one's relationship with a roommate, partner, or child is more important than being right. Although, accommodation might be optimal for some conflicts, others require a more assertive style.
- ii. **Avoiding:** When avoiding, one tries to ignore or circumvent a conflict. This style of managing conflicts is low in assertiveness and cooperativeness. Avoidance is unproductive for handling most disputes because it may leave the other party feeling ignored. Also, if left unresolved, some conflicts might escalate. However, adopting avoidance approach works in situations where:
  - one needs time to think through a disagreement;
  - one has more pressing problems to deal with; and
  - the risks of confronting a problem outweigh the benefits.
- iii. **Collaborating:** A collaborative conflict management style demands a high level of cooperation from all parties involved. Parties in a dispute come together to find a mutually beneficial resolution. Collaborating works best if time permits and parties are on the same power level. If not, one might be better off choosing another style.

- iv. Competing: When one uses a competitive conflict management style (sometimes called 'forcing'), one puts one's needs and desires over those of others. This style is high in assertiveness and low in cooperation. In other words, it is the opposite of accommodating. While one might think this style would never be acceptable, it is sometimes needed when one party is in a higher position of power than other parties and need to resolve a dispute quickly.
  - v. Compromising: Compromising demands moderate assertiveness and cooperation from all parties involved. With this type of approach, everyone gets something they want or need (win-win situation). This style of managing conflict works well when time is limited. Because of time constraints, compromising isn't always as creative as collaborating, and some parties may come away less satisfied than others.
- c. The following are some tips to keep in mind when conflicts arise:
- i. Acknowledge the problem: If someone reports a dispute that seems trivial, care must be taken as the aggrieved party may not regard it as trivial. Actively listen to all the parties could make all the parties feel heard, providing opportunity to resolve the conflict;
  - ii. Gather necessary information: Conflicts cannot be resolved unless the causes of the conflicts are established;
  - iii. Set guidelines: Setting guidelines is a prerequisite for conflict resolution;
  - iv. Keep emotion out of the discussion: During conflict resolution, discussions must be devoid of emotions;
  - v. Be decisive: Once a dispute is discussed and evaluated, the best approach is to take action on the solution that has been identified.

## SOLUTION 5

- a. The term "perfect competition" describes a market structure where a large number of relatively small businesses have the option to enter and leave the industry. Every company produces a uniform product, and every buyer and seller in the market is fully aware of the state of the market, particularly with regard to the product's current price and location.
- b. In the long-run, the firm in perfect competition is making a normal profit or zero economic profit as shown in Figure 1 below (total cost equals total revenue).



The long-run equilibrium position of the perfectly competitive firm.

Since there are no barriers to entry, the possibility of short-term positive economic benefit acts as an incentive for new businesses to enter the market. Until the industry's profit margins are exhausted, the process of new entrants will continue. In other words, there will be no long-term economic or typical profit if there is an excess of supply and a constant downward revision of prices until price (P) equals average total cost (LAC).

- c. The main functions of the Central Bank in both developed and developing economies include:
  - i. Currency issuance and distribution: The Central Bank is the only organisation authorised by law to mint coins and print currency notes that are accepted as payment throughout the nation. Controlling the money supply to avoid inflation requires the monopoly power of creating legal tender currency.
  - ii. Bankers' bank: The Central Bank offers services to other banks, particularly commercial banks, so they can maintain cash reserves and employ clearing houses to settle their balances. The Central Bank is known as the "lender of last resort", since it also lends money to commercial banks or discounts their bills when they are low on funds
  - iii. Government banker: The Central Bank maintains the bank accounts of the government, all of its businesses and agencies. In addition to accepting all payments owed to the government, it also borrows money on its behalf by issuing long-term securities like development stocks and short-term securities like treasury bills and certificates. The Central Bank is also in charge of overseeing the government's external and domestic debt.
  - iv. Monetary stability promotion: To support price stability, the central bank regulates the amount of money in circulation in the economy. This entails the application of monetary policy tools, including reserve requirements, the discount rate, open market operation (OMO), etc.
- a. The market for short-term borrowings and lendings is known as the money market. It is made up of people who want to borrow money and financial institutions that have extra money to lend on a short-term basis. The market encourages sensible distribution of resources by converting savings into investments. By enhancing the safety and liquidity of financial assets, it also promotes investment and saving practices. The central bank and commercial banks are the organisations that are active in the market. Treasury securities, commercial papers (CPs), call deposits, repurchase agreements (repos), banker's acceptances (BAs), and other short-term financial products are the main products in the Nigerian money market.

On the other hand, long-term money can be mobilised through the stock market. Both the issuance of new securities and the trading of already-issued securities take place in this market. Stocks, bonds, debentures, and equities are the main market tools for raising money. The stock exchange, issuing houses, and stock broking businesses are the primary institutions in the capital market.

## **SOLUTION 6**

- a. Strategic uses of IT in business operations
  - i. Process automation: IT automates repetitive tasks, like payroll, inventory tracking, for example, using Enterprise Resource Planning (ERP) systems.
  - ii. Communication and collaboration: Through tools, like Zoom, Microsoft teams, etc., IT helps improve interdepartmental communication.
  - iii. Decision support: Spreadsheets, data visualization tools (e.g., Power BI) help managers make data-driven decisions.
  - iv. Customer engagement: Customer Relationship Management (CRM) systems, like Quip for Salesforce enhance customer tracking and service delivery.



- v. Supply chain optimisation: Real-time tracking with tools, like Oracle, supply chain management (SCM), streamlines logistics and procurement.
- b. Big data analytics and business decision-making  
Big data analytics involves analysing large and diverse datasets to uncover trends and insights.
  - i. Customer insight – Enables segmentation and personalised marketing.
  - ii. Operational efficiency – Helps detect bottlenecks and optimise resource allocation.
  - iii. Risk management – Assists in fraud detection and predictive modelling for financial risks.
- c. Cybersecurity threats and mitigation
  - i. phishing attacks: Fake emails trick users into sharing sensitive data.  
*Mitigation:* Conduct regular staff training on email security.
  - ii. ransomware: Malware that encrypts business data, demanding ransom from victims.  
*Mitigation:* Maintain regular encrypted backups and update antivirus applications.



