



Strathmore
UNIVERSITY

STRATHMORE BUSINESS SCHOOL
BACHELOR OF FINANCIAL SERVICES
END OF SEMESTER EXAMINATION

BFS 3105: ESSENTIALS OF BUSINESS DATA ANALYTICS

DATE: 24th July 2024

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

Question One

(a) Explain the **meaning** of and the **need** for each of the following business analytics methods:

- i) Prescriptive analytics **(2 marks)**
- ii) Diagnostic analytics **(2 marks)**
- iii) Descriptive analytics **(2 marks)**
- iv) Predictive analytics **(2 marks)**

(b) Volume, variety, veracity and velocity are some of the key characteristics of big data. Using relevant examples, explain each of them. **(8 marks)**

(c) The following table shows the levels of retirement benefits given to a group of workers in a given establishment:

Retirement benefits (Sh. "million")	Number of retirees
20 - 29	50
30 - 39	69
40 - 49	70
50 - 59	90
60 - 69	52
70 - 79	40
80 - 89	11

Required

- i) Determine the semi-interquartile range for the above data **(4 marks)**

- ii) Determine the minimum value for the top 10% and interpret the result **(5 marks)**
- iii) Determine the maximum value for the lower 40% of the retirees and interpret the result **(5 marks)**

(TOTAL: 30 MARKS)

Question Two

a) An insurance company takes a keen interest in the age at which a person is insured. Consequently a survey conducted on prospective clients indicated that for clients having the same age the probability that they will be alive in 30 years' time is $\frac{2}{3}$. This probability was established using the actuarial tables and it follows a binomial probability distribution. If a sample of 5 people was insured now, find the probability of having the following possible outcomes in 30 years:

- i) All are alive **(2marks)**
- ii) At least 3 are alive **(2marks)**
- iii) At most one is alive **(2marks)**
- iv) None is alive **(2marks)**
- v) At least 1 is alive **(2marks)**

b) A market research agency takes a sample of 1,000 people and finds that 200 of them know of Brand X. After an advertising campaign a further sample of 1091 people is taken and it's found that 240 know of Brand X.

It is required to know if there has been an increase in the number of people having an awareness of Brand X at the 5% level of significance. **(10 marks)**

(TOTAL: 20 MARKS)

Question Three

a) In a social survey in which the main purpose was to establish the intelligence quotient (IQ) of residents in a given area, the following results were obtained as tabulated below:

IQ	No. of residents
1 – 20	6
21 – 40	18
41 – 60	32
61 – 80	48
81 – 100	27
101 – 120	13
121 – 140	2

Required:

Calculate the following:

- i) Arithmetic mean **(3 marks)**
- ii) Median **(3 marks)**
- iii) Mode **(2 marks)**
- iv) Inter-quartile range (IQR) **(3 marks)**

v) Using the 1st Pearsonian measure of skewness (SK1), calculate the coefficient of skewness and comment briefly on the nature of the distribution of the IQ. **(4 marks)**

b) In a beauty competition 2 assessors were asked to rank the 10 contestants using the professional assessment skills. The results obtained were given as shown in the table below:

Contestants	1 st assessor	2 nd assessor
A	6	5
B	1	3
C	3	4
D	7	6
E	8	7
F	2	1
G	4	8
H	5	2
J	10	9
K	9	10

Required:

Calculate the rank correlation coefficient and hence comment briefly on the value obtained

(5 marks)

(TOTAL: 20 MARKS)

Question Four

a) The following data was obtained during a social survey conducted in a given urban area regarding the annual income of given families and the corresponding expenditures.

Family	(x)Annual income Sh. "000"	(y)Annual expenditure Sh. "000"
A	420	360
B	380	390
C	520	510
D	610	500
E	400	360
F	320	290
G	280	250
H	410	380
J	380	240
K	300	270
Total	4020	3550

Required:

i) Determine the regression equation **(7 marks)**

ii) Calculate the product moment correlation coefficient and the coefficient of determination. Briefly comment on the values obtained. **(5 marks)**

- b) Discuss any four data mining techniques (8 marks)
(TOTAL: 20 MARKS)

Question Five

- (a) Business data analytics has a wide range of applications across various business areas.
Explain the applications of business data analytics in the following business areas:

- i. Marketing (2 marks)
- ii. Finance (2 marks)
- iii. Operations (2 marks)
- iv. Human resources (2 marks)
- v. Customer service (2 marks)
- vi. Risk management (2 marks)

- (b) Briefly describe four sampling methods (8 marks)

(TOTAL: 20 MARKS)

Formulae:

Karl Pearson correlation coefficient, r:

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}}$$

Z-score, Z_C:

$$Z_C = \frac{(p_1 - p_2) - (\Pi_1 - \Pi_2)}{\sigma_{p_1 - p_2}}$$

$$\text{Where } \sigma_{p_1 - p_2} = \sqrt{\frac{p_1 q_1}{n_1} + \frac{p_2 q_2}{n_2}}$$

Regression analysis:

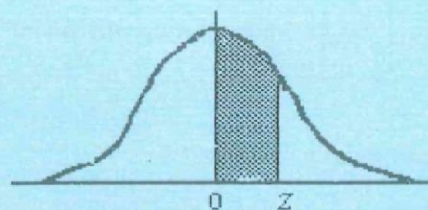
$$b = \frac{n \sum xy - \sum x \sum y}{\sqrt{[n \sum x^2 - (\sum x)^2]}}$$

$$a = \frac{\sum y - b \sum x}{n}$$

Statistical Tables (Next Page)

NORMAL CURVE

AREAS
under the
STANDARD
NORMAL CURVE
from 0 to z



z	0	1	2	3	4	5	6	7	8	9
0.0	.0000	.0040	.0080	.0120	.0160	.0199	.0239	.0279	.0319	.0359
0.1	.0398	.0438	.0478	.0517	.0557	.0596	.0636	.0675	.0714	.0754
0.2	.0793	.0832	.0871	.0910	.0948	.0987	.1026	.1064	.1103	.1141
0.3	.1179	.1217	.1255	.1293	.1331	.1368	.1406	.1443	.1480	.1517
0.4	.1554	.1591	.1628	.1664	.1700	.1736	.1772	.1808	.1844	.1879
0.5	.1915	.1950	.1985	.201	.2051	.2088	.2123	.2157	.2190	.2224
0.6	.2258	.2291	.2324	.2357	.2389	.2422	.2454	.2486	.2518	.2549
0.7	.2580	.2612	.2642	.2673	.2704	.2734	.2764	.2794	.2823	.2852
0.8	.2881	.2910	.2939	.2967	.2996	.3023	.3051	.3078	.3106	.3133
0.9	.3159	.3186	.3212	.3238	.3264	.3289	.3315	.3340	.3365	.3389
1.0	.3413	.3438	.3461	.3485	.3508	.3531	.3554	.3577	.3599	.3621
1.1	.3643	.3665	.3686	.3708	.3729	.3749	.3770	.3790	.3810	.3830
1.2	.3849	.3869	.3888	.3907	.3925	.3944	.3962	.3980	.3997	.4015
1.3	.4032	.4049	.4066	.4082	.4099	.4115	.4131	.4147	.4162	.4177
1.4	.4192	.4207	.4222	.4236	.4251	.4265	.4279	.4292	.4306	.4319
1.5	.4332	.4345	.4357	.4370	.4382	.4394	.4406	.4418	.4429	.4441
1.6	.4452	.4463	.4474	.4484	.4495	.4505	.4515	.4525	.4535	.4545
1.7	.4554	.4564	.4573	.4582	.4591	.4599	.4608	.4616	.4625	.4633
1.8	.4641	.4649	.4656	.4664	.4671	.4678	.4686	.4693	.4699	.4706
1.9	.4713	.4719	.4726	.4732	.4738	.4744	.4750	.4756	.4761	.4767
2.0	.4772	.4778	.4783	.4788	.4793	.4798	.4803	.4808	.4812	.4817
2.1	.4821	.4826	.4830	.4834	.4838	.4842	.4846	.4850	.4854	.4857
2.2	.4861	.4864	.4868	.4871	.4875	.4878	.4881	.4884	.4887	.4890
2.3	.4893	.4896	.4898	.4901	.4904	.4906	.4909	.4911	.4913	.4916
2.4	.4918	.4920	.4922	.4925	.4927	.4929	.4931	.4932	.4934	.4936
2.5	.4938	.4940	.4941	.4943	.4945	.4946	.4948	.4949	.4951	.4952
2.6	.4953	.4955	.4956	.4957	.4959	.4960	.4961	.4962	.4963	.4964
2.7	.4965	.4966	.4967	.4968	.4969	.4970	.4971	.4972	.4973	.4974
2.8	.4974	.4975	.4976	.4977	.4977	.4978	.4979	.4979	.4980	.4981
2.9	.4981	.4982	.4982	.4983	.4984	.4984	.4985	.4985	.4986	.4986
3.0	.4987	.4987	.4987	.4988	.4988	.4989	.4989	.4989	.4990	.4990
3.1	.4990	.4991	.4991	.4991	.4992	.4992	.4992	.4992	.4993	.4993
3.2	.4993	.4993	.4994	.4994	.4994	.4994	.4994	.4995	.4995	.4995
3.3	.4995	.4995	.4995	.4996	.4996	.4996	.4996	.4996	.4996	.4997
3.4	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4998
3.5	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998
3.6	.4998	.4998	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.7	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.8	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999	.4999
3.9	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000	.5000

t Table

cum. prob	$t_{.50}$	$t_{.75}$	$t_{.80}$	$t_{.85}$	$t_{.90}$	$t_{.95}$	$t_{.975}$	$t_{.99}$	$t_{.995}$	$t_{.999}$	$t_{.9995}$
one-tail	0.50	0.25	0.20	0.15	0.10	0.05	0.025	0.01	0.005	0.001	0.0005
two-tails	1.00	0.50	0.40	0.30	0.20	0.10	0.05	0.02	0.01	0.002	0.001
df											
1	0.000	1.000	1.376	1.963	3.078	6.314	12.71	31.82	63.66	318.31	636.62
2	0.000	0.816	1.061	1.386	1.886	2.920	4.303	6.965	9.925	22.327	31.599
3	0.000	0.765	0.978	1.250	1.638	2.353	3.182	4.541	5.841	10.215	12.924
4	0.000	0.741	0.941	1.190	1.533	2.132	2.776	3.747	4.604	7.173	8.610
5	0.000	0.727	0.920	1.156	1.476	2.015	2.571	3.365	4.032	5.893	6.869
6	0.000	0.718	0.906	1.134	1.440	1.943	2.447	3.143	3.707	5.208	5.959
7	0.000	0.711	0.896	1.119	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	0.000	0.706	0.889	1.108	1.397	1.860	2.306	2.896	3.355	4.501	5.041
9	0.000	0.703	0.883	1.100	1.383	1.833	2.262	2.821	3.250	4.297	4.781
10	0.000	0.700	0.879	1.093	1.372	1.812	2.228	2.784	3.169	4.144	4.587
11	0.000	0.697	0.876	1.088	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	0.000	0.695	0.873	1.083	1.356	1.782	2.179	2.681	3.055	3.930	4.318
13	0.000	0.694	0.870	1.079	1.350	1.771	2.160	2.650	3.012	3.852	4.221
14	0.000	0.692	0.868	1.076	1.345	1.761	2.145	2.624	2.977	3.787	4.140
15	0.000	0.691	0.866	1.074	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	0.000	0.690	0.865	1.071	1.337	1.746	2.120	2.583	2.921	3.686	4.015
17	0.000	0.689	0.863	1.069	1.333	1.740	2.110	2.567	2.898	3.646	3.965
18	0.000	0.688	0.862	1.067	1.330	1.734	2.101	2.552	2.878	3.610	3.922
19	0.000	0.688	0.861	1.066	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	0.000	0.687	0.860	1.064	1.325	1.725	2.086	2.528	2.845	3.552	3.850
21	0.000	0.686	0.859	1.063	1.323	1.721	2.080	2.518	2.831	3.527	3.819
22	0.000	0.686	0.858	1.061	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	0.000	0.685	0.858	1.060	1.319	1.714	2.069	2.500	2.807	3.485	3.768
24	0.000	0.685	0.857	1.059	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	0.000	0.684	0.856	1.058	1.316	1.708	2.060	2.485	2.787	3.450	3.725
26	0.000	0.684	0.856	1.058	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	0.000	0.684	0.855	1.057	1.314	1.703	2.052	2.473	2.771	3.421	3.690
28	0.000	0.683	0.855	1.056	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	0.000	0.683	0.854	1.055	1.311	1.699	2.045	2.462	2.756	3.396	3.659
30	0.000	0.683	0.854	1.055	1.310	1.697	2.042	2.457	2.750	3.385	3.646
40	0.000	0.681	0.851	1.050	1.303	1.684	2.021	2.423	2.704	3.307	3.551
60	0.000	0.679	0.848	1.045	1.296	1.671	2.000	2.390	2.660	3.232	3.460
80	0.000	0.678	0.846	1.043	1.292	1.664	1.990	2.374	2.639	3.195	3.416
100	0.000	0.677	0.845	1.042	1.290	1.660	1.984	2.364	2.626	3.174	3.390
1000	0.000	0.675	0.842	1.037	1.282	1.646	1.962	2.330	2.581	3.098	3.300
Z	0.000	0.674	0.842	1.036	1.282	1.645	1.960	2.326	2.576	3.090	3.291
	0%	50%	60%	70%	80%	90%	95%	98%	99%	99.8%	99.9%
	Confidence Level										