



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

EAE 203: MANAGEMENT IN CONTEMPORARY GLOBAL ECONOMY

DATE: 6/12/2019

TIME: 2.00-4.00 PM

INSTRUCTIONS:

Attempt question ONE and any other TWO questions

QUESTION ONE (30 MARKS)

- a) Discuss the process of target costing showing clearly its usefulness in global business (10 marks)
- b) Explain how political economy of international trade can affect the location of a global business (10 marks)
- c) With examples, show how the profitability of a domestic firm can be enhanced by adopting global business strategy (10 marks)

QUESTION TWO (20 MARKS)

- a) The overall attraction of a foreign site can be affected by various factors. Discuss how
 - i. Legal framework
 - ii. Size and growth of economy
 - iii. Risk and
 - iv. National differences
 - v. Can affect the attraction of foreign site (14 marks)
- b) Explain the three developments that have taken place in the global economy. (6 marks)

QUESTION THREE (20 MARKS)

- a) Discuss with practice examples how technological advancements have impacted on the globalization of business. (10 marks)
- b) Explain how cultural practices have helped to shape global business (10 marks)

QUESTION FOUR (20 MARKS)

- a) If you were in charge of a large multinational firm, under what conditions would you build or operate a manufacturing facility in an underdeveloped country? Explain in details (10 marks)
- b) Discuss in detail the legal and political foundation of Global Business management (10 marks)
- c) Explain how expanding globally allows firms to increase its profitability (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss in details the three factors that a global business manager should consider when evaluating a foreign site for marketing and/or production (10 marks)
- b) Explain the five forms of global participation for a global business (10 marks)