



# MACHAKOS UNIVERSITY

University Examinations for 2017/2018 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMS FOR

BACHELOR OF ECONOMICS AND STATISTICS

EAE 203: MANAGEMENT IN THE NEW GLOBAL ECONOMY

DATE: 14/12/2017

TIME: 8:30 – 10:30 AM

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## INSTRUCTIONS

**Answer Question One and Any Other Two Questions**

### QUESTION ONE (COMPULSORY) (30 MARKS)

- Describe how the manager of a global company can use the comparative advantage theory in decision making when looking for a site to locate a new plant. (10 marks)
- What would you do, as a manager of Toyota Motors Company in Japan, when faced with a voluntary limit on the number of car you can export to the United States. Give details. (10 marks)
- How can a Kenyan clothing manufacturer cope with a new increase in the tariff on its his payments of garments to the U.S.A, its biggest export market? Present your answer in terms of cost conditions, competitive market condition and strategic goals. (10 marks)

### QUESTION TWO (20 MARKS)

- Explain the factors to consider when evaluating global market as location site. (10 marks)
- Elaborate on how cultural distance has helped to increased globalization of the firms. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain how technology has helped in the establishment of a global economy (10 marks)
- b) Elaborate on how cultural distance has helped to increase globalization of the firms. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Using cost, benefit and risk analysis explain how political economy and legal framework affect the attractiveness of a foreign site for production and marketing. (10 marks)
- b) Explain the reasons why it is imperative for managers to change their management styles due to globalization. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain how participation of a domestic firm in global economy can affect its performance (7 marks)
- b) Describe the target costing as used by a global firm (5 marks)
- c) Explain the four strategies global expansion for business (8 marks)