



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FIRST SEMESTER EXAMINATION FOR THE DEGREE IN

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

EAE 203: MANAGEMENT IN CONTEMPORARY GLOBAL ECONOMY

DATE: 3/8/2016

TIME: 8:30 -10:30 AM

INSTRUCTIONS

Answers question one and any other two questions. Question one carries 30 marks and the other questions carry 20 marks each.

QUESTION ONE (COMPULSORY)

- a) Distinguish between the following set of terms as used in global economics
- Barriers to entry and competition (2 marks)
 - Globalization and global management (2 marks)
 - Values and norms (2 marks)
 - Tariffs and subsidies (2 marks)
 - Cost management and strategic cost management. (2 marks)
- b) Explain using relevant examples the various ways in which companies expand globally (8 marks)

- c) Economic systems of different countries have evolved over the years and different countries conduct their economic activities differently depending on their political systems. Explain how countries differ economically (5 marks)
- d) Explain the various strategies that can be used by a firm in order to compete more effectively globally (7 marks)

QUESTION TWO

- a) With the aid of relevant examples, explain the meaning of a business environment and discuss any five forces that affect the business environment (8 marks)
- b) Discuss the drivers of globalization (4 marks)
- c) Explain using examples the factors that have to be considered by global firms in relation to production (8 marks)

QUESTION THREE

- a) In a perfect competitive market, barriers to entry affect the level of competition. What, in your view, is the relationship between barriers to entry and the level of competition? Use relevant examples to discuss the various sources of barriers to entry. (10 marks)
- b) Explain the implications of the political, economic and legal systems to managers in international business (7 marks)
- c) What is culture? Give an example. (3 marks)

QUESTION FOUR

- a) How have changes in technology contributed to the globalization? Would the globalization of production and markets have been possible without these technological changes? (7 marks)
- b) Describe the policy instruments used by government to influence international trade flows. Show the relevance of each instrument. (8 marks)
- c) How does culture affect the competitive advantage of a country? (5 marks)

QUESTION FIVE

- a) Explain the steps in cost estimation. (12 marks)
- b) Trade barriers affect a firm's strategy. Explain the relationship between the two. (8 marks)