



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR SCIENCE IN STATISTICS AND PROGRAMMING

EAE 200: ECONOMICS OF GLOBAL BUSINESS

DATE: 24/7/2019

TIME:2:00 – 4:00 PM

INSTRUCTIONS:

- (i) Answer question one (Compulsory) and any other two questions**
- (ii) Do not write on the question paper**
- (iii) Show your working clearly**

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Differentiate between globalization of markets and production as applied in economics of global business (4 marks)
- b) Increasing pressure of globalization and the rising global competition have prompted managers and academicians to rethink the formulation of global business strategy. Using appropriate diagram illustrate the process of planning and formulating global business strategy (9 marks)
- c) A number of arguments have been advanced concerning the costs of Multinational Corporations (MNCs) in developing countries. Discuss (10 marks)
- d) State main characteristics of Multinational Corporations (MNCs) (3 marks)
- e) Explain your understanding on the term “ethical dilemma” as used in economics of global business. Discuss in line with cases from United states or Asian. (4 marks)

QUESTION TWO (20 MARKS)

- a) Discuss any five contemporary ethical issues in economics of global business. (10 marks)
- b) State any five possible challenges that face MNCs (5 marks)
- c) Highlight the best mode that firms can use to enter foreign markets (5 marks)

QUESTION THREE (20 MARKS)

There are various key types of drivers of globalization. Discuss each of the following drivers

- i) Market drivers
- ii) Cost drivers
- iii) Government drivers
- iv) Competitive drivers

QUESTION FOUR (20 MARKS)

- a) State five main possible causes of crises considering their chronology. (5 marks)
- b) Discuss five conditions under which a customs union is more likely to lead to trade creation and increased welfare (10 marks)
- c) Highlight five positive effects of globalization (5 marks)

QUESTION FIVE (20 MARKS)

- a) What are the differences between global and national business strategy. (4 marks)
- b) Discuss the arguments in favor of the global business strategy of standardization (8 marks)
- c) A number of steps are involved in formulating or developing global business strategies. Highlight at least eight (8 marks)