MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS & FINANCE

BACHELOR OF ECONOMICS & STATISTICS

EAE 200: ECONOMICS OF GLOBAL BUSINESS

DATE: **TIME:**

INSTRUCTIONS:

Answer Question One and Any Other Two Questions

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Clearly distinguish between trade creation and trade diversion using examples (10 marks)

b) Briefly explain the arguments in favour of standardization as a global business strategy (10 marks)

c) Discuss any four costs of multinational corporations (MNC) to developing countries (10 marks)

QUESTION TWO (20 MARKS)

a) Global warming is a creation of globalization? Discuss this statement in the context of a developing country (10 marks)

b) Discuss how technology has contributed to a fast pace of globalization in the developing countries (10 marks)

QUESTION THREE (20 MARKS)

a) Once a crisis occurs, what action should a lender of last resort take? (10 marks)

b) What are the incentives which countries can offer to lure multinational corporations to locate in a particular state? (10 marks)

QUESTION FOUR (20 MARKS)

a) Discuss any two features of a multinational corporation of your choice. Be sure to name the corporation (10 marks)

b) A free trade deal was signed among African countries in march 2018. How will free trade affect workers and the environment? (10 marks)

QUESTION FIVE (20 MARKS)

a) Explain five levels of regional integration (10 marks)

b) Discuss any five positive effects of globalization (10 marks)