



PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

JANUARY-APRIL 2021

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUS4012 | BCM308

COURSE TITLE: INTERNATIONAL BUSINESS MANAGEMENT

EXAM DATE:

TIME:

INSTRUCTIONS

- This examination script consists of **SIX (6)** questions.
- Answer question **ONE** and ANY other **THREE** Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One (compulsory)

(10 marks)

1. Which of the following best defines international business?

- a) It includes all public economic flows between two or more countries.
- b) It includes all private economic flows between two or more countries.
- c) It includes all business transactions involving two or more countries.
- d) It includes all business transactions in countries other than your home country.

2. Which of the following is NOT a likely reason to study international business?

- a) Global events affect almost all companies.
- b) Physical, social, and competitive conditions differ from country to country.
- c) Business conducted outside the confines of any one country is inexplicably on the decline.
- d) Firms are better able to obtain needed resources by approaching operating strategies from an international standpoint.

3. Why should managers have an understanding of trade protectionism?

- a) Trade protectionism targets factor endowments, thus affecting the best country to locate Production.
- b) Trade protectionism affects a company's ability to sell abroad and ability to compete at home.
- c) Trade protectionism affects the number of people permitted to practice a specific profession.
- d) Trade protectionism prevents companies' enactment of merger and acquisition agreements.

4. In terms of international business, it is most accurate to say that _____.

- a) There is a universal "best way" to conduct business
- b) Global competition affects large companies but not small ones
- c) Most firms depend either on foreign markets and supplies or compete against companies that do

- d) Government regulation of international business has little effect on a company's profits
5. **Assume a government places restrictions on a specific product from a specific foreign country. What would be the government's most likely concern about the foreign country's response?**
- a) The foreign producers raising the prices of their exports
 - b) The foreign country restricting its own imports
 - c) The foreign country restricting its exports in that industry
 - d) The foreign producers seeking other markets
6. **The European Union is an example of _____ integration.**
- a) Regional
 - b) Relative
 - c) Global
 - d) Bilateral
7. **Which of the following has NOT been a major force increasing globalization in recent decades?**
- a) Liberalization of cross-border trade
 - b) Increase in and expansion of technology
 - c) Growing pressure from consumers
 - d) Decreasing global competition
8. **Businesspeople seeking to understand more about another culture in order to successfully conduct business within that culture would be best advised to do which of the following?**
- a) Observing the behavior of people who have gained respect within that cultural environment

- b) Relying on stereotypes, which are based on averages, to gain an understanding of the culture
- c) Avoiding cultural research studies because they perpetuate unjustified stereotypes and behaviors
- d) Memorizing the cultural variations that are typically encountered in a specific cultural environment

9. Which of the following is NOT true about the International Finance Corporation (IFC)?

IFC does not make its investments in partnership with the private investors from the capital exporting country.

The minimum investment that the IFC will make in an enterprise is fixed at \$10,000

Rate of interest in each case would be a matter of negotiations depending on the risk.

None of the above.

Which of the following represents a company's effort to identify and categorize groups of customers and countries according to common characteristics?

Global positioning

Global market segmentation

Global targeting

Global marketing research

Question Two **(10 marks)**

- a) Giving relevant examples, explain **two** barriers of international trade. (4 marks)
- b) International business focuses on the resources of the globe and objectives of the organisations on global business opportunities and threats. Discuss **three** features of international business. (6 marks)

Question Three **(10 marks)**

“The whole universe is a potential market for your products”. Discuss **five** market entry strategies that need to be evolved to exploit this potential

Question Four **(10 marks)**

All managers conducting business outside their home countries must carefully study the government structure in the target countries and analyze the salient issues arising from the political environment.

- a) Define political risk (2 marks)
- b) Explain why analysis of political risk is of utmost importance to firms operating in a foreign market. (8 marks)

Question Five **(10 marks)**

- a) Highlight **two** advantages of World Trade Organisation (WTO) to Kenya (2 marks)
- b) International trade and policy contains a number of reasons why a country may have an advantage in exporting a commodity to another country. Discuss any **four** of these reasons. (8 marks)

Question Six **(10 marks)**

It has been noticed that various MNCs (Multi-national Corporations) are doing well globally even in weaker economies.

- a) Using a suitable example, discuss whether Kenyan companies have been successful in this area. (5 marks)
- b) Explain what can be done to enhance the success of Kenyan companies globally. (5marks)