



**PAN AFRICA CHRISTIAN UNIVERSITY**

**END OF SEMESTER EXAMINATION FOR THE DEGREE OF**

**MAY-AUGUST 2021**

**CAMPUS: ROYSAMBU**

**DEPARTMENT: BUSINESS**

**COURSE CODE: BCM308/BUA 4012**

**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.

9. By entering into international business, a firm expects an improvement in
- A. Marketing.
  - B. All spheres of marketing, operation and finance simultaneously.
  - C. Any or all spheres of marketing, operation and finance.
  - D. Finance only

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1. A multinational is a firm that controls and manages production facilities in

a) Both developed and developing countries

- b) At least two countries
- c) One country but relies on multiple markets for the consumption of goods it produces
- d) At least two developed countries and one developing country
- e) One country, but relies on purchasing intermediate goods from companies in other countries

**2. International business does not result in the following**

- a) Innovation is encouraged.
- b) International cooperation is encouraged.
- c) Imports are rendered cheap.
- d) Consumption is minimized.

**3. A national company becomes an MNC when it**

- a) Makes a foreign direct investment
- b) Takes out a foreign loan
- c) Imports a foreign product
- d) Exports a foreign product
- e) Hires foreign workers

**4. By entering into international business, a firm expects improvement in**

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**5. By having business in different countries, a firm reduces**

- a) Credit risk.
- b) Political risk.
- c) Financial risk.
- d) Business risk.

**6. With the globalization of markets, the tastes and preferences of consumers world-wide are:**

- a) Becoming similar to the tastes and preferences of American consumers.
- b) Converging upon a global norm.
- c) Being encouraged by multinational organizations to become increasingly similar.
- d) So different that they can be ignored by international organizations.

**7. Neighboring countries tend to collaborate for all of the following reasons**

**EXCEPT:**

- a) the distance that goods need to travel between such countries is short
- b) neighboring countries tend to be in similar economic situations and therefore are able to better control currency exchange rates
- c) consumers' tastes are likely to be similar, and distribution channels can be easily established in adjacent countries
- d) neighboring countries may have a common history and interests, and may be more willing to coordinate their policies

**8. Firm that operates internationally is able to**

- a) earn a greater return from their skills and core competencies
- b) realize location economies where they can be performed most efficiently
- c) realize greater experience curve economies, which reduces the cost of production
- d) All the above

**9. The European Union is a free trade association that is based on a(n)**

- a) Economic and monetary union.
- b) Economic union.
- c) Monetary union.
- d) A commonly agreed upon list of lowered tariffs.

10. Geographic proximity is an important reason for economic integration because consumer tastes are likely to be:

- a) different
- b) opposite
- c) similar
- d) strange

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C. Any or all spheres of marketing, operation and finance.

D. Finance only.

ANSWER: C

10. By having business in different countries, a firm reduces

A. credit risk.

B. political risk.

C. financial risk.

D. business risk.

ANSWER: B

11. Wholly owned subsidiary can be set up

- A. as a Greenfield venture.
- B. to acquire an existing firm.
- C. to have products marketed overseas.
- D. to have management is overseas.

ANSWER: A

12. The essential feature of FDI is

A. Investment of very high value.

B. Investment in shares.

C. Investor's influence on the management of the enterprise.

D. Investment of low value.

ANSWER: C

13. No new investment in the host country is created in the case of

A. Greenfield FDI.

B. Acquisition.

C. Horizontal FDI.

D. Vertical FDI.

ANSWER: B

14. A firm investing in a foreign country to distribute the products therein creation of

A. Asset seeking FDI.

B. Backward vertical FDI.

C. Forward vertical FDI.

D. Distribution FDI.

ANSWER: C

# 15. The disadvantages of Greenfield FDI as compared to acquisition is

A. Profit will be less.

B

ANSWER ANY THREE QUESTIONS

**Question Two** **(10 marks)**

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The various components of the international marketing environment are the major determinants of marketing opportunities. As such, it is the responsibility of an international firm to have clear grasp of international marketing environment to formulate effective marketing decisions regarding Marketing Mix variables.” Discuss **five** elements of international Marketing environment.

**Question Three** **(10 marks)**

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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 is political risk analysis is of utmost importance to firms operating in a foreign market.

(8 marks)

**Question Four** **(10 marks)**

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- a. Using an organization of your choice as an example, explain various challenges of global business . (5 marks)
- b. Using suitable examples, state :
- i. **Two** advantages and (2 marks)
  - ii. **Three** disadvantages (3 marks)
- of Regional Trade Blocks

**Question Five** **(10 marks)**

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In a business firm having international operations which you are familiar with, present the basic profile of the firm and explain:

- i. Its product related decisions in international marketing (4 Marks)
- ii. Promotional measures in international operations (3 Marks)
- iii. Pricing issues faced by the firm in international marketing (3 Marks)

**Question Six** **(10 marks)**

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- a. Highlight **two** differences between a domestic company and an international company (2 marks)
- b. Discuss the impact of cultural environment on international business with appropriate examples. (8 marks)