



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

BACHELOR OF ARTS

EAE 200: ECONOMICS GLOBAL BUSINESS

DATE: 24/3/2021

TIME: 8.30-10.30 AM

INSTRUCTIONS:

- i. Answer question one and any other two questions.**
- ii. Question one carries 30 marks and the other questions carry 20 marks each.**

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) The increase in globalization has facilitated increased entry into foreign markets. Explain any four alternatives that can be adopted by a company that wants to enter a foreign market (8 marks)
- b) Multi-national corporations face a number of challenges in the course of their operations. Discuss six of these challenges. (6 marks)
- c) Explain six steps involved in formulating a global business strategy (8 marks)
- d) During formation of a customs union, may trade and welfare of the member nations may be affected in two different ways. By use of a graph, illustrate and explain these effects. (8 marks)

QUESTION TWO (20 MARKS)

- a) Define economic integration and discuss the different levels of economic integration possible between two or more countries. (8 marks)
- b) Why is it important for the government intervention in the global business environment? (6 marks)

- c) Financial crisis can be very detrimental to any economy. Which measures can be undertaken to solve past and current financial crises as well as prevent future financial crises? (6 marks)

QUESTION THREE (20 MARKS)

- a) Discuss any three drivers to globalization giving relevant examples where applicable (6 marks)
- b) Global business involves complex activities and interaction with different people of diverse origins. A number of ethical issues have to be observed in global business. Explain the Contemporary Ethical Issues in Global Business (6 marks)
- c) Define a financial crisis and explain its causes in the world. (8 marks)

QUESTION FOUR (20 MARKS)

- a) What are the benefits of forming a customs union to the member countries? (8 marks)
- b) Compare and contrast the benefits and costs of Multi-National Corporations (MNCs). In your view, do MNCs benefit the host country? (12 marks)

QUESTION FIVE (20 MARKS)

- a) Globalization has impacted different economic entities both positively and negatively. Discuss the impact of globalization to various entities in the economy (10 marks)
- b) Using relevant examples explain why MNCs would wish to do business especially in developing countries (10 marks)