



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

EAE 200: ECONOMICS OF GLOBAL BUSINESS

DATE: 8/12/2021

TIME: 2.00-4.00 PM

INSTRUCTIONS:

(i) Answer question ONE and any other two questions

(ii) Show ALL your workings clearly

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Differentiate the following terms used in global business.
- i) Experience curve and economies of scale (2 marks)
 - ii) Turkey project and franchising (2 marks)
 - iii) Effects of globalization and impact of globalization (2 marks)
 - iv) Multinational Corporations and Global industry (2 marks)
 - v) Global business and national business strategy (2 marks)
- b) The impact of globalization differs depending on the group in question. Discuss this statement with reference to customers, workers, companies and governments. (10 marks)
- c) Discuss the ethical issues in global business that managers who work in institutions that transcend national borders and cultures have to pay attention to. (10 marks)

QUESTION TWO (20 MARKS)

- a) Explain what developing countries such as Kenya need to do to exploit the benefits of globalization while minimizing on its negative effects. (10 marks)
- b) Explain any five ethical and social concerns in global business and their relevance in the Kenyan economic situation. (10 marks)

QUESTION THREE (20 MARKS)

- a) “Multinational corporations do not promote growth and prosperity of developing countries.” Discuss this statement in relation to developing countries’ development strategies. (6 marks)
- b) With the help of local examples, explain how the following can lead to a financial crises:
- i) Herd behaviour (1 mark)
 - ii) Excess capacity (1 mark)
 - iii) Liquidity and solvency problems (1 mark)
 - iv) Investment boom (1 mark)
- c) With the help of relevant examples, explain the political threats in global business. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the challenges faced by Coca-cola and Nestle while operating within the East Africa Market (10 marks)
- b) Describe the steps involved in formation of global business strategy and highlight three arguments in favor of standardization strategy. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Clearly discuss any five differences between East African Community and European Union towards their role in economic integration of their member states. (10 marks)
- b) Apart from the view that financial crises were due primarily to national government and IMF generated moral hazard, describe any other causes of these crises that have hit the world between 1994-2008 (10 marks)