



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF EDUCATION ARTS

BACHELOR OF ECONOMICS

BACHELOR OF ECONOMICS

EAE 203: MANAGEMENT IN THE CONTEMPORARY GLOBAL ECONOMY

DATE: 19/8/2021

TIME: 11:00 – 1:00 PM

INSTRUCTIONS:

- i) Answer question ONE (compulsory) and any other TWO questions**
- ii) Show all your working clearly**

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) With the help of examples in the world, discuss four factors that influence the global economy within which a global business operates (10 marks)
- b) With reference to economic theories of international trade discuss how they are useful to a manager managing global business (10 marks)
- c) Explain how the following cost management techniques are applied by a global business
 - i) Target costing (5 marks)
 - ii) Life-cycle costing (5 marks)

QUESTION TWO (20 MARKS)

- a) Explain the following strategies that can be used by a global business manager for global competition (12 marks)
 - i. International; strategy
 - ii. Multi-domestic strategy
 - iii. Global strategy
 - iv. Transnational strategy

- b) Describe the role of multinational corporations on economic development of developing economies (8 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the factors that influences the global business manager when making location decisions (10 marks)
- b) A global business-can-adept a centralized location or a decentralized location methods. Discuss the' three factors that determine the optimal method (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the three' modes of entry to a global market by a firm (6 marks)
- b) Distinguish between cost management and strategic cost management (6 marks)
- c) Explain how the legal framework of a country can affect the operations of a global business (8 marks)

QUESTION FIVE (20 MARKS)

- a) Explain how the growth and profitability of a domestic firm can be affected by entering into a global economy. (10 marks)
- b) Through the consumer preferences and tastes are converging in the global economy, firms must constantly be redesigning their products and services. Discuss this statement with references to culture (10 marks)