



MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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University Examinations 2011/2012

THIRD YEAR, FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF
BACHELOR OF COMMERCE

HBC2234: INTERNATIONAL BUSINESS

DATE: APRIL 2012

TIME: 2 HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

QUESTION ONE (30 MARKS)

In the recent past, many nation states are willing to forego some aspects of being 'sovereign' by integrating their economies with those of friendly neighboring nations.

- a. Briefly discuss the six forms of integration. (12 Marks)
- b. What are some of the advantages for such integration to member states? (6 Marks)
- c. What is GATT? List down any two principles of GATT. (4 Marks)
- d. Make some short notes on:
 - i. Rules of origin (2 Marks)
 - ii. World trade organization (2 Marks)
 - iii. International business strategies (2 Marks)
 - iv. International chamber of commerce (2 Marks)

QUESTION TWO (20 MARKS)

Mituntu veve group is a 'miraa' manufacturing company in Meru Kenya. The boards of directors have concluded that the company has excess capacity hence there is need to expand its market outside the county. You have been appointed as a consultant to advise the company on what mode to use when entering the foreign market.

Required:

Prepare a report, suggesting to the management of Mituntu veve group the best options. Give reasons for your options. (20 Marks)

QUESTION THREE (20 MARKS)

- a. What are turnkey projects? Give two advantages and two disadvantages that a firm can face by undertaking turnkey projects. (5 Marks)
- b. Discuss the impact of internet technology to the international business operations. (10 Marks)
- c. Differentiate between international business and domestic business. (5 Marks)

QUESTION FOUR (20 MARKS)

- a. Laws that bear on entry into foreign markets take several forms. Discuss any five of these forms. (15 Marks)
- b. What is a management contract? (1 Mark)
- c. Discuss any two advantages and disadvantages of a management contract. (4 Marks)

QUESTION FIVE (20 MARKS)

Discuss the international business environment within which an international firm operates. Briefly highlight the extent which each environment influences the location of international business. (20 Marks)