



EXAMINER'S REPORT

MAY 2000

INTERNATIONAL BUSINESS

This year there was a pass rate of 69% and a failure rate of 31% approximately. Overall this was an improvement on recent years.

General Comments

It is of value to students to examine both past papers and examiners reports while preparing for this exam.

The structure of the paper has been altered slightly (see previous examiners reports May and August 1999), and this means that students who study the text/syllabus should not have any difficulty selecting five questions to answer on the paper.

In relation to this point two issues of concern arose. Firstly, a number of students cannot find five questions to answer, though the number of incomplete scripts has reduced substantially since last year. Secondly, the large percentage of D grades can be partially explained by inconsistency in answering, for example scoring really well in the first two or three questions answered and then receiving low marks for very poor attempts at another two of the questions. When preparing for the exam this issue needs to be considered by students.

A final note refers to the topicality of the whole area of international business in general. It is always suggested that students should make a concerted attempt to keep an eye on what's happening within international business in the "real world", from reading newspapers, watching TV etc. as they follow the syllabus. For this May paper, a number of the questions lent themselves to the inclusion of examples of relevant current affairs.

Question 1

- (a) As discussed in detail in previous examiners reports, question 1 seeks to ask a topical question while still incorporating some text material for students to fall back on should the need arise. In this case the issue of mergers & alliances was deemed to be topical. The topic of strategic alliances is also covered in the essential text where the benefits and drawbacks of such alliances are discussed. Students did not have to stick with the examples in the question and in some cases did provide other relevant examples. The quality of the answers to this part of the question varied immensely. Students who had studied the text and who were keeping an eye on current affairs did particularly well. This trend of designing a question to lean partially on text information while simultaneously featuring a topical issue will continue on future papers.

- (b) This part of the question was broader and points raised referred to issues such as competition, trends towards consolidation within industries and why, the need for speed to market with NPD etc, expanding global competition, increasing costs of R&D and NPD etc. These points are also raised in the essential text.

Question 2

This question was popular and in general was well dealt with. The general area is covered in the early sections of the essential text, pp 61-71. This provides the foundation of an answer, which an appreciation of the rest of the syllabus will help to build on and enhance. Points made included references to the need to increase firm profits, sales, revenues, geographical diversification etc. etc. This was a very straightforward question and the marks mirrored this fact.

Question 3

This question was problematic. The topic of regional trading blocs has arisen on previous papers and the relevant examiners report comments on the fact that the topic is an important one to be aware of and to study. However, the marks for answers this year were low in general. Very few students could differentiate between a common market structure and a free trade area. Some students did not know what NAFTA stood for. Others referred only to the EU and discussed general EU issues; the majority of points made failed to address the question asked. Some students also discussed the Euro. In this context the Euro is relevant within the trading bloc, it is however not the only issue to be dealt with. The required material is dealt with in the essential text, pages 138 and 146 also 150 etc. deals with the different structures in terms of tariffs, common external tariffs (EU) etc. The firm implications of such blocs then needed to be dealt with and discussed.

Question 4

This question was generally well dealt with and predicted! Though not the topical question this year, it draws instead from the section of the syllabus dealing with the International Monetary System. It does remain a topic of huge relevance to international business and also one which receives a large amount of press coverage which students would be expected to be aware of. The advantages for firms of dealing with the Euro were well dealt with. Most students focused on the non-participation of the UK as the key problematic issue, others were able to enhance answers by referring to the recent low value of the Euro and general market concerns for the long-term viability of the currency.

Question 5

This question on culture was well dealt with. Any attention to previous papers and examiners reports would have helped preparation for dealing with this issue. It required a discussion of the key characteristics of culture, as detailed in the text, illustrated with appropriate examples of how this would affect a firm conducting business abroad. On a minor note, this questions asks you to assess the impact on a firm doing business not on a marketing mix, four P approach, which is far too narrow in this context.

Question 6

Again this question on political risk from the environmental forces section was generally well done. Ample examples have been recently covered in the media dealing with political upheavals and problems in countries, South Africa, Zimbabwe, Pakistan, Sierra Leone etc.

Part (a) just requires a listing of the types of risk, detailed in Chapter 10 of the essential text and (b) refers to CRA (Country Risk Assessment) procedures to identify and address political risk among other techniques available to the firm.

Question 7

This question refers to content addressed in detail in Chapter 16 in the text and also general knowledge of the situation for Irish firms which the syllabus states that students should be following as much as possible throughout the course. The advantages and disadvantages of exporting were well dealt with. There were differences in answers in that some students answered the question in terms of the advantages and disadvantages of exporting for the firm, others took the country perspective in their answers, others combined bits of both. On reviewing the question wording it is evident that differences in interpretation could occur (part a only) and this was very definitely taken into account when allocating marks. Part (b) did not cause any problems for students, though some tended to be very brief here, despite the number of marks allocated to the second part of this question. For this question in particular a number of the answers were very brief and took the form of bullet points. These bullet points cannot convey understanding of the topic unless each one is subsequently addressed in detail.

Question 8

This question draws on material covered in detail in Chapter 3 of the essential text and the topic of trade restrictions in different forms has been a popular question historically on this paper. In general most answers covered the key issues well. The main problems with answers revolved around students spending huge amounts of the time available to discussing each of the different types of tariff and non-tariff barriers in detail. This is the answer to a different question (see previous papers) and unfortunately very few marks can be allocated if this approach is taken here.