



## **EXAMINER'S REPORT**

**MAY 2001**

### **INTERNATIONAL BUSINESS**

The breakdown of the May 2001 results for the International Business paper were as follows: A 7.5 %, B 13 %, C, 20.5 %, D 27 %, E 5.5% and F 26.5%. This aggregates to a pass rate of 68% and a failure rate of 32% approximately. The overall pass and failure rates are similar to those of previous years, however the number of higher grades (A-C) shows a significant improvement on previous years.

#### **General Comments/Observations**

It is of value to students to examine both past papers and examiners' reports while preparing for this exam. A number of students, approximately 22 %, did not attempt the five questions required. Given that the exam is now so closely based on the text, this can be easily avoided by paying adequate attention to the core areas of the syllabus. As was the case last year, the large percentage of D grades shows the same pattern, in that students produce two or three good answers and then the others are very poor with the overall grade settling somewhere between 40-49. The syllabus should be studied adequately and then five questions attempted to try to maximise the overall grade awarded. Attention must be paid to how the marks are allocated within the questions, for example Questions one and eight on this paper, and time must be divided accordingly to maximise the marks possible.

#### **Question 1**

In general this question was popular and well answered. Drawing from Chapter 7 of the text it requires a mention of the following, GNP, GDP, GDP/Capita, Income distribution private consumption, inflation, labour costs & employment rates, age distribution, Balance of Payments etc for part (a). In part (b) the same criteria can be taken and discussed in the context of the Irish economy. This part of the question varied in quality. Most attempts were able to comment on the Celtic Tiger economy, recent slowdowns in economic growth and forecasts, discretionary income and spending power of consumers, labour costs and availability issues, increasing inflation and accompanying concerns, age distribution issues such as the Grey market etc. etc. The main problem with answers to this question was answering part (b), and also part (a) in some cases, as if it were a general market screening question – it is not and answers must stick to the economic dimensions. Also in part (a) some answers listed and discussed techniques for gathering economic data and listed sources of such data. This is not asked in the question.

This is the topical question this year combining text material with general knowledge which students are expected to acquire by paying attention to topical issues throughout the academic

year. The format of this question has been discussed in previous examiners' reports and will remain unchanged for future papers.

### **Question 2**

This question was unpopular, and those who answered the question either did very well or very badly. This question draws on Chapter 11 of the text which describes seven legal issues and their impact on business, only four of any of the following are required to answer this question: taxation, restrictive trade practices legislation, tariffs; quotas; trade obstacles, product liability, business contracts/arbitration, patents; trade marks; intellectual property and finally currency exchange controls. As a general comment it would appear that this section of the text had not been given adequate attention.

### **Question 3**

This question on culture was very popular and well answered. It draws on Chapter 9 of the text and is obviously well prepared by those attempting to answer this question. It requires a discussion of aesthetics, attitudes/beliefs, religion, material culture/technology, education, language and societal organisations. As a general point most answers can list the components but some examples put forward are extremely weak in content and the answer falls on such weak content.

### **Question 4**

This question on globalisation was in general poorly answered. It draws on early sections of the text where the whole idea of international business is discussed and the concepts of multinational and global companies are described. Part (a) was in general weak, there seemed to be a lack of ability in describing the core characteristics of approach which define global companies in terms of functional strategy etc. Also some of the discussions of what globalisation refers to were very poor. This is a major problem, as studying the rest of the syllabus will be difficult if the key issues of globalisation are not clear and fully understood as a basis for the rest of the content. It would appear that a large percentage of students had not studied this section of the text at all.

In part (b) the key drivers of globalisation were technology, markets, costs, competition and political issues such as the formation of preferential trading arrangements etc. Again this section of the text did not appear to have gained much attention. Another issue with part (b) was a number of answers took the question to mean the drivers of internationalisation as in why do companies go global, such as the desire to increase profits and sales, market diversification, domestic market saturation etc. As such an interpretation is possible from the question wording, marks were allocated in these instances.

### **Question 5**

This question was very straight forward on theories of trade from Chapter 2 in the text and was well dealt with overall. In some cases all three sections were attempted; only two were required. Also, the marks are evenly divided between the two sections answered. This must be borne in mind. In some cases two line answers were offered on Mercantilism and all the time spent on the other theory, for example, the IPLC. This does not help to maximise marks awarded.

**Question 6**

This was a popular question on the market screening process from Chapter 14 of the text. It was well answered overall. As with some other questions, the listing of headings was fine but some of the examples put forward within each section were poor in quality and pulled the marks down somewhat.

**Question 7**

This question on methods of payment refers to part seven of the syllabus. There were fewer attempts at this question but the standard was good. The answer required an overview of the key methods used to secure payment for internationally traded goods and services; open account, documentary collections, documentary credit / letter of credit and payment in advance.

**Question 8**

The answers to this question were very mixed. In part (a) the advantages of fixed and floating exchange rates were asked for in terms of companies trading internationally. Issues such as security, reduced risk for exporters etc. should be raised. There is no need to examine the historical perspective to either of these systems, as this is not the question asked. Part (b) refers to the Euro as the current system to which the Irish pound is tied. Issues such as decreased risk, price transparency etc are key but possible problems such as the inability to devalue the currency, increasing inflation and interest rates should also be explored. Some comments were also made in terms of the situation with Sterling floating against the pound, tied back to part (a), and where relevant such comments were valuable. Again, the allocation of marks is important to watch. Some attempts dealt solely with part (b), which is only worth eight marks so even if full marks are given for this section, the overall mark is still not a strong one.