



EXAMINER'S REPORT

AUGUST 2002

INTERNATIONAL BUSINESS

The breakdown of the August 2002 results for the International Business paper were as follows: A 5.5 %, B 11%, C 14%, D 30.5%, E 5.5% and F 33%. This aggregates to a pass rate of 61% and a failure rate of 39% approximately, and shows an improvement on the same sitting last year. 27% of papers were incomplete, in that less than the required five questions were attempted. A relatively small number of students sat the August 2002 paper and this must be borne in mind while reading the following comments.

The following points were made in the August 2001 report but are well worth repeating - when preparing for the International Business exam you should try to ensure that:

- ◆ You have access to the essential texts – the correct editions.
- ◆ You have studied the past papers for the exam and also read the examiners reports in conjunction with the papers.
- ◆ You have covered all the material necessary and that you can then find at least five questions out of a possible eight, to answer fully.
- ◆ You keep an eye on the news content and current affairs in general where relevant to the subject as you go through the academic year.
- ◆ You read the questions carefully before answering, only focus on the actual question asked, and make sure to answer all parts of the question asked.
- ◆ You time yourself in the exam: five full answers are needed to reach the higher grades.

Question 1

This was one of the most popular questions on the paper and is very straightforward and most people scored well. The stages in the screening process are dealt with in Chapter 14 of the essential text. In a small number of cases people went astray by looking at primary and secondary stages to the research process, which is not relevant here.

Question 2

This question on methods of payment was not popular but almost everyone who attempted it did well. The content focuses on describing the four main methods of payment, Open Account, Documentary Collection, Documentary Credit/Letter of Credit and Advance Payment and showing the advantages and disadvantages of each for the exporter.

Question 3

This question on legal forces (Chapter 11) varied. It is split into five subsections to focus the answer, as the area can be too broad in a general question. Very few answers addressed all five parts, which seemed unusual. The legal aspects of international business are important and should not be omitted in favour of softer topics.

Question 4

This was well dealt with and well answered in general. It is as always a very popular question on the paper. The main components (Chapter 9) aesthetics, attitudes/beliefs, religion, material culture, education, language and societal organisation are the key issues to present and discuss.

Question 5

This question dealt with theories of trade as presented in Chapter 3 and generally was well dealt with though some element of confusion between Absolute and Comparative Advantage was obvious. Also some answers only attempted parts (a) and (b) which did not help the overall marks.

Question 6

This question is drawn from Section 4 of the syllabus dealing with monetary systems etc. and has two parts to it. In terms of stages in the evolution towards a single currency, points on the “snake”, the ERM, issues problematic with floating rates, Maastricht etc. were all acceptable. The significance of the Euro for firms appears obvious to everyone at this stage and posed no problem at all for people. Overall the marks were good and the area very well dealt with.

Question 7

This general area of trading blocs and their impact for businesses etc. arose on the August 2001 paper. The subsequent report that year discussed the general weaknesses of the answers and the need to examine this area in detail. Answers this August did not show any great improvement and the whole issue of trading blocs does not seem to be well examined and/or understood.

Question 8

Answers to this question were disappointing in content. This is the very beginning of the text, Chapter 1, where the terminology for the text and the subject itself is outlined in detail. Global Companies (GC) are described as those seeking to standardise and integrate operations in all functions /areas etc or at least as much as possible, examples can then be given. Multidomestic Companies (MDC) are organised with multi country affiliates, each of which will have its own strategy tailored to that market etc. International Companies (IC) can refer to either Global or Multidomestic companies.

There was a lot of confusion evident in answers and marks overall were poor with some exceptions. People confused Multidomestic (MDC) with domestic companies exporting etc. and the other main problem seemed to be lack of consultation with the text. Terminology does vary across International Business texts/syllabi so it's important to stay with the essential text. Also this Chapter and type of information lay the foundation for the whole subject and must receive adequate attention.