



EXAMINER'S REPORT

MAY 2005

INTERNATIONAL BUSINESS

General Comments

The overall pass rate for this paper was 76% which is down on last year's figure. The main reasons identified for failure were:

- Failing to attempt 5 questions. In almost all such cases this resulted in overall failure of the paper.
- Giving the wrong answer which can earn no marks, e.g giving absolute advantage for comparative advantage.
- In many instances answers referred to material which had not been asked. Again, candidates would be advised to read the question carefully and ONLY answer what is asked as marks cannot be awarded for incorrect / irrelevant answers.

Success in this exam depends greatly on adequate preparation of course, but also on keeping abreast of international developments in general in the national press and TV news, internet etc. Candidates must also be familiar with the reports and websites of major Irish international companies and institutions responsible for exporting such as Enterprise Ireland, Bord Bia, the IDA and the Irish Exporters' Association.

Finally, it must also be advised that candidates purchase both essential texts on this course. The latest (2nd) edition of the Irish text by MacDonnell and McEvoy is a much lengthier text than the first edition. This is an excellent accompaniment to the main text which is American and therefore lacks the Irish and European context. The Irish text is to be considered relevant and examinable in its entirety.

Question 1

This question always relates to a topical issue. The Irish Trade Mission to China was given extensive coverage in the national news at the time, and on a continuing basis. While the question was structured to reflect theoretical and applied knowledge, those candidates who displayed a good knowledge of firms who took part (e.g Kerry Group) and deals done, achieved higher marks. In general this question was quite well answered which pleased this examiner greatly.

Question 2

Less than 50% of candidates attempted this question which was considered surprising. However of those a high proportion achieved an honours grade. The question gave candidates scope to look at

the issue of cultural differences, a knowledge of which is extremely important for international managers. A breakdown of cultural components (religion, language, education etc) was considered a good approach while those who also reviewed models of cultural analysis such as Hofstede's achieved higher marks.

Question 3

This question on the WTO again gave candidates scope to display their knowledge of the WTO and its achievements but also to review these critically. The WTO again achieves a great deal of coverage in the international news. While candidates are expected to be aware of the details of its setting up, a knowledge of current issues facing the WTO e.g fair trade with LDCs, would lead to higher marks.

Question 4

Part a of this question on the comparative advantage trade theory was completely straightforward. A simple definition of Ricardo's theory and possibly an illustration would suffice. However, a high number of answers were fails here as candidates mistakenly answered about Smith's theory of absolute advantage. No marks can be awarded for wrong answers.

Part b was more challenging as it encouraged candidates to apply this theory to the issue of fair trade. Comparative advantage is still a living theory and very much used by international trade organisations. Unfortunately very few even attempted this second part which also makes it difficult to pass the question. Candidates are advised to consult the WTO website where there is also video material relating to debates on this issue.

Question 5

This question again is broad in scope as it allows candidates to reflect both on the nature of international business and on the differences involved in only doing business in one market. A review of the three environments was a successful approach while others took a more "piecemeal" approach dealing with e.g currency and culture. Such answers however also scored well when well substantiated.

Question 6

This question traditionally gives candidates opportunity to display their broader knowledge across the course, rather than having to explore any one issue in great depth. The question attracted responses from over three quarters of candidates and almost 90% of those received honours marks.

Question 7

This question obviously referred to exchange rates which were put in the context of the euro and the US\$. Those candidates who realised that this is a case of floating exchange rates and expanded on this did well. Answers which looked at disadvantages also, scored better (e.g a high euro can mean sales go down in the US due to high price). Some candidates referred to the recent woes of Waterford Crystal which are partly due to currency fluctuations with the US. These answers also scored high marks.

Question 8

This question on the methods of payment is also a very straightforward question which has appeared many times in the past due to its importance. Although the Ball McCulloch text deals with this, candidates have always been referred to the Irish text for this material. The 2nd edition deals with this thoroughly in chapter 12.