



EXAMINER'S REPORT

MAY 2006

INTERNATIONAL BUSINESS

General Comments

The overall pass rate for this paper was 77%, slightly up on last year's figure. In all 58% of candidates received an honours mark which is a positive result. The main reasons identified for failure were:

- Giving the wrong answer which can earn no marks, e.g giving product life cycle for international product life cycle.
- 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. This year's question related to the announcement in January 2006 of the largest inward investment ever in this country, i.e. the Amgen investment in Cork which will lead to over 1000 new jobs. The question was divided into two parts: Those students who keep up with business developments in the country had scope to score more highly by relating location theory to this particular investment. Some students answered this question as a market screening question. Whilst this is relevant – and marked accordingly, those students who placed more emphasis on investment relative issues, such as quality and supply of labour, infrastructure, industry clusters etc., scored more highly. There is a difference in approaching a market as a sales market or as an investment market. Part (b) gave opportunity to discuss the wider aspects of location and trade, the role of trading partners, etc.

Question 2

This question on Hofstede's dimensions of culture did not yield a high success rate in the main. The reason for this is that a high proportion of answers were incorrect and listed elements of culture such

as religion, language etc. Whilst these are relevant, they were not the subject of the question. This issue has featured on a number of papers in recent years due to the importance of the model and implications for managers in international business. It is highly advised that when dealing with culture this model is given some attention.

Question 3

In the main this question was well answered with a high proportion of candidates achieving an honours grade here. Good answers related the theory to the current Irish situation, particularly with the recent immigration of workers from Eastern Europe adding to the workforce here. Mobility of the workforce and education are key factors affecting the availability of labour in the current Irish economy.

Question 4

There were relatively few attempts at this question and most of these did not score well. This is a key issue in understanding international competition and yet some answers indicated a complete lack of knowledge about any differences between global and multidomestic (multinational) companies. Many answers indeed indicated that global companies compete internationally and multidomestic companies stay in the domestic market only. This is the first issue addressed in chapter one of the Ball McCulloch text, and recurs throughout the text. Students of international business must be aware that global companies seek to standardise where possible and seek out similarities between markets, whereas multinationals compete on the basis of local responsiveness.

Question 5

This question consists of writing a note on three issues out of five. Whilst some candidates scored very highly here – indeed some “notes” would have qualified as full answers - unfortunately this type of question does seem to attract “one liners” and/or answers which are largely guessed at. Whilst the latter yield no marks, very few can be given to one line answers. This year again it must also be said that many answers attempted only two notes. Unless those answers were of a very high standard this makes it extremely difficult to pass this form of question.

Question 6

Question 6 relates to the international product life cycle. This is a trade theory question, not a marketing question. Part (a) requested a good explanation of the model – those who answered correctly, answered well in the main, with illustrations too. Part (b) proved more challenging, however. Few answers correctly identified that this can be of assistance to companies by linking the role of innovation and trade patterns. Some answers carried criticisms of the model which – once justified – scored well.

Question 7

This question related to market entry strategies and requested that the selection in this case be carried out for a small Irish manufacturing firm, in the process of expanding. Part (a) was simply theory based and required a brief outline of the main alternatives: exporting – both indirect and direct – and foreign production strategies such as wholly owned subsidiary, licensing, contract manufacturing etc. Part (b) looked for the identification of a suitable strategy for this firm. Most answers went for an export strategy, taking the size and lack of experience of the firm into account. In the main this would be considered the most sensible and realistic approach. Some justified foreign production strategies such as licensing, which could also be recommended if a case is made. Obviously it would be difficult to justify a wholly owned subsidiary, given that the firm would have neither the resources nor experience for such a strategy.

Question 8

This question attracted a high proportion of answers which were of a high standard in the main and scored highly. Most answers related the theory such as saturated home market, following a customer etc.