



## EXAMINER'S REPORT

AUGUST 2008

### INTERNATIONAL BUSINESS

#### General Comments

The pass rate for this exam this session was over 66% which is an average result given the smaller numbers sitting the supplemental paper. Approximately 50% of candidates achieved an honours mark. However, it is worth exploring the reasons for failure or for low performance:

- Giving the wrong answer which can earn no marks
- 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.

As advised in the past by this examiner, success in this exam depends greatly on adequate preparation of the 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 again be advised that candidates purchase both essential texts on this course. The latest (2<sup>nd</sup>) 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 session it related to the Lisbon Treaty referendum and the impact of the decision of the Irish electorate. Marks for part one were awarded according to level of knowledge about the major areas of change to be brought about by the Treaty – in particular structural changes relating to numbers of members of the European Parliament, Commissioners etc. Some candidates restricted their answers to the issues they were familiar with from the campaign solely, which did not earn as high marks.

Part two dealt with the ensuing impact of the result - which has obviously created difficulties for the Irish government and also for other nations with the Treaty before them. In this case a good knowledge of the issues documented in the national and international media relating to this would be valuable.

### **Question 2**

Answers to this question were not plentiful and some candidates mistook this for a question on the international business environment. However the subject matter here related to the increasingly important area of environmental sustainability, as covered in the chapter on Natural Resources and Environmental Sustainability. Environmental sustainability rests on the commitment of business to operate without reducing the capacity of the environment to provide for future generations. The chapter details three characteristics of evolving sustainable business practices that are widely agreed upon: limits, which apply to the ecological system; interdependence, which applies to the social system as well as to the other two; and equity in distribution, which applies to the economic system.

### **Question 3**

Social and cultural forces are well established on the course and in the written exams. This issue is critical to successfully conducting international business, and yet still underestimated by many companies. This question was broad in nature allowing candidates considerable scope in their answers. Elements of culture were obvious here – religion, aesthetics, social organisation etc – and some answers also contained reference to Hofstede's work and/or the self-reference criterion. Candidates who apply examples score higher.

### **Question 4**

This question also attracted very few answers which is surprising given the fact that this issue is so intrinsic to the course and has therefore appeared frequently on the paper over the last number of years. Essentially a straightforward comparison of global strategies (one global segment served by standardised products) and multinational strategy (adaptation of product / marketing to local market needs) is sufficient here. However candidates who show deeper knowledge and difficulties associated with both strategies score higher.

### **Question 5**

This three part question is designed to give students with a wider grasp of the course the opportunity to write on a number of issues. However, it is difficult to pass this question if all three parts are not answered. Major issues this year included confusion over Dumping, and the role of the IMS – which many candidates confused with the IMF. Disappointingly, no-one attempted to explain Keiretsu – the intricate Japanese supply networks, or the Leontieff Paradox, although trade theory again is such a fundamental part of the course.

### **Question 6**

This question is broad in scope and gives the student opportunity to display their level of knowledge of the nature of international business. The key point here is the complexity involved in managing the business environments of several markets simultaneously. Differences – particularly cultural differences pose real challenges. Good examples of successful companies – and failures – score higher here.

### **Question 7**

This question again attracted no responses, and again would be considered by this Examiner to be an integral part of the course. The methods of payment available to exporters and the associated risks are described clearly and comprehensively in the Irish text. Knowledge of this is crucial to the successful operations of an exporting firm.

**Question 8**

Many answers considered this as a market screening question. While this information is relevant, the focus here is on the socio-economic and economic factors. It is to be assumed that an organisation is now at this stage of the screening process and requires the detailed data for example, GNP/GDP, economic growth rates, balance of payments information, demographic trends, education levels etc. Candidates are again reminded to read the question carefully and answer what is asked.