



University of Sri Jayewardenepura
Faculty of Humanities and Social Sciences

B.A. Fourth Year First Semester Examination- August/September 2017

Economics
ECON 4131.03 – International Business

Duration: 03 hours

Answer only five (05) questions.

01. Define what an international business is and explain how globalization has assisted for the growth of international businesses. (16 marks)

02. Discuss how international trade theories related to increasing returns to scale, imperfect competition and technological changes are applied in describing the expansion of international businesses. (16 marks)

03. Briefly explain international businesses' relationship with capital market and discuss the recent trends in global capital market. (16 marks)

04. "The prominent goal of the management of an international business should be the maximization of the value of the firm." Analyse this statement with examples by considering the strategies that can be used to increase the value of the firm. (16 marks)

05.
 - i. "An international business can earn special advantage by entering as the first mover to that market." Critically examine this statement. (06 marks)

 - ii. Explain the entry modes of an international business and discuss the pros and cons of those entry modes. (10 marks)

06. i. Show the importance of a letter of credit in international transactions and explain different types of letter of credit. (08 marks)

ii. Explain with steps how an international business takes place in practice. (08 marks)

07. Explain two of the following topics (08 marks each)

- i). Foreign direct investments linked with international businesses.
- ii). Organizational structure of an international business.
- iii). International commercial terms (INCOTERMS)
