

ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)
ORGANISATION OF ISLAMIC COOPERATION (OIC)

DEPARTMENT OF BUSINESS AND TECHNOLOGY MANAGEMENT

Final-Semester Examination

Summer Semester, A. Y. 2021-2022

Course No. : **BTM 4605**

Time : 3 Hours

Course Title : International Business Environment

Full Marks : 150

Answer all the **6 (six)** questions below. All questions carry equal marks. Marks of each question and corresponding CO and PO are written in the right margin with brackets.

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| 1. | a) Define the following concepts with example: | 10 | CO4 |
| | i) Spot exchange rate | | PO3 |
| | ii) Forward exchange rate | | |
| | iii) Currency swap | | |
| | b) What is fixed exchange rate and floating exchange rate? Which exchange rate is more appropriate according to your opinion? What are the cases supporting floating exchange rate in terms of monetary policy autonomy and trade balance adjustment. Discuss. | 15 | CO4
PO3 |
| 2. | a) Explain regional economic integration with its five levels. Give examples. Analyze the effects of regional trade blocs in terms of trade creation and trade diversion on efficient production and consumption in international market. | 15 | CO3
PO3 |
| | b) Define new trade theory of international business. Describe the implications of new trade theory in terms of gaining economies of scale, scope and first-mover advantage. | 10 | CO2
PO1 |
| 3. | a) What is eurocurrency market? What are the benefits and drawbacks of eurocurrency market? | 10 | CO2
PO6 |
| | b) Describe the benefits and costs of foreign direct investment in terms of host- country? Give relevant examples. | 15 | CO1
PO1 |
| 4. | a) Illustrate product life cycle theory of international trade? Describe the pattern of trade under product life cycle theory using graphical presentation. | 13 | CO2
PO3 |
| | b) Explain the theory of purchasing power parity, relative purchasing power parity and international fisher effect with example. | 12 | CO2
PO1 |

5. a) Demonstrate strategic positioning in international business in terms of cost and responsiveness pressure? Explain the four main strategies firms mostly choose when competing in international market. 15 CO4
PO3
- b) What is National Competitive Advantage Theory? Discuss its implications in international trade. 10 CO2
PO6
6. a) Explain the six major entry modes that a firm can use to enter a foreign market? 15 CO4
PO1
- b) What is arbitrage in currency conversion? How do investors and borrowers choose arbitraging opportunity in foreign exchange market? Give example. 10 CO4
PO3