الجامعة الوطنية
National University
Science & Technology للعلوم والتكنولوجيا
كلية عمان البحرية الدولية
International Maritime College Oman

Midterm Exam

PECON IV-I: BUSINESS MANAGEMENT

Fall 2024

Points of attention:

- For each question, the maximum earned points are specified in the question.
- Write clearly! Answers that are not readable are not marked and don't earn marks!
- All answers should be written in English using **blue or black pens** only.
- Use the pencil only for diagrams and graphs.
- Show all the calculation steps in the given space.
- When finished, submit the question paper, together with the answer scripts and the signed cover page to the invigilator.
- Any cheating/copying may result in an instant failing of the examination.

Exam Duration: 1.5 hours
Instructor's Name: Dr Faiza Kiran
Exam Date: 04/11/2024
Program: LTM

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Student Information

Name: ID:

Signature:

Invigilator

Initials: ☐ Student ID checked

Time received:

Question **[6 marks]**

Choose the correct option, each answer carries 1 mark. Cutting Is Not Allowed; any answer with cutting will not be considered.

1. **Which trade theory suggests that countries should specialize in producing goods they can make more efficiently than others?**

a) Comparative Advantage Theory
b) Mercantilism
c) Heckscher-Ohlin Theory
d) Global Value Chain
e) Absolute Advantage Theory

2. Which trade theory states that countries should focus on producing goods where they have the lowest opportunity cost?

a) Comparative Advantage Theory
b) Gravity Model of Trade
c) New Trade Theory
d) Absolute Advantage Theory
e) Mercantilism

3. Which theory suggests that a country's trade is based on its factor endowments, such as land, labour, and capital?

a) New Trade Theory
b) Global Value Chain
c) Heckscher-Ohlin Theory
d) Comparative Advantage Theory
e) Absolute Advantage Theory

4. Which theory explains how economies of scale and network effects can lead to specialization in trade between similar economies?

a) Comparative Advantage Theory
b) Heckscher-Ohlin Theory
c) Gravity Model of Trade
d) New Trade Theory
e) Mercantilism

5. Which concept describes the interconnected production process across multiple countries?

a) Global Value Chain
b) Heckscher-Ohlin Theory
c) New Trade Theory
d) Mercantilism
e) Comparative Advantage Theory

6. Which theory promotes trade surpluses by maximizing exports and minimizing imports to accumulate wealth?

a) Comparative Advantage Theory
b) Gravity Model of Trade
c) Heckscher-Ohlin Theory
d) Mercantilism
e) Absolute Advantage Theory

Question 2: Critically analyze the role of the World Trade Organization (WTO) in facilitating international trade and promoting economic stability. Support your analysis with a relevant real-life example.

(4 marks)

Scenario

You are an investor from the Arab world looking to expand your aluminium manufacturing operations into a new international market. You have identified three potential countries, each with a different type of economy: one has a **planned economy**, another operates a **free-market economy**, and the third has a **mixed economy**.

As part of your decision-making process, you need to evaluate how each country's economic structure will impact your business strategy, especially regarding government involvement, market conditions, and foreign investment regulations. Additionally, **globalization** is a key factor in your decision, as it will affect your access to international markets, supply chains, and labour forces.

To successfully expand, you must also consider how political, economic, and cultural factors specific to each country could influence your operations and long-term growth.

Question (10 Marks):

1. **Understanding** **(3 marks)**
   Explain the characteristics of the type of economy in each of the three countries (planned, free-market, and mixed).

2. **Application** **(2 marks)**
   How would you apply your understanding of the political, economic, and cultural factors specific to each country to influence your strategies and long-term growth for your aluminum manufacturing expansion?

3. **Analysis** **(2 marks)**
   Analyse how the economic system in each country could either support or challenge your ability to establish and grow your aluminium manufacturing operations.

4. **Evaluation:** **(3 marks)**
   Evaluate which of the three countries, considering its type of economy and the effects of globalization, offers the most favourable environment for your expansion. Provide a reasoned justification for your choice.