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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS 2021/2022 ACADEMIC YEAR FIRST YEAR SECOND SEMESTER

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCO 124

**COURSE TITLE: INTRODUCTION TO
INTERNATIONAL BUSINESS MANAGEMENT**

DATE: 13/05/2022 TIME: 2.00PM – 4.00PM

INSTRUCTION TO CANDIDATES

- 1) The paper contains **FIVE** questions
- 2) Attempt **THREE** questions
- 3) Question **ONE** is Compulsory

KIBU observes **ZERO** tolerance to examination cheating

QUESTION ONE

Read the case below and answer the questions that follow

Since 2004, eager for access to resources, oil, diamonds, minerals, and commodities, China has entered into arrangements with resource-rich countries in Africa for a total of nearly \$14 billion in resource deals alone. In one example with Angola, China provided loans to the country secured by oil. With this investment, Angola hired Chinese companies to build much-needed roads, railways, hospitals, schools, and water systems. Similarly, China provided nearby Nigeria with oil-backed loans to finance projects that use gas to generate electricity. In the Republic of the Congo, Chinese teams are building a hydropower project funded by a Chinese government loan, which will be repaid in oil. In Ghana, a Chinese government loan will be repaid in cocoa beans. Deborah Brautigam, "Africa's Eastern Promise: What the West Can Learn from Chinese Investment in Africa," *Foreign Affairs*, January 5, 2010, accessed December 20, 2010,

- a). Describe the entry modes into international business (10 marks)
- b). Indicate all factors that favour Chinese expansion (10 marks)
- c). What is the rationale for international business expansion (10 marks)

QUESTION TWO

- a). Discuss the major drivers of international trade between the 15th and 19th centuries. (10 marks)
- b). Discuss the mandate of the World Bank (10 marks)

QUESTION THREE

- a). An entrepreneur in Chile has intentions of creating an international business corporation to deal in a variety of goods and services. As a top government trade specialist what do you foresee as gains to your country from such corporations? (10 marks)
- b). The revolutionary trends in the financial sector have enhanced the performance of corporations in international business. Why would you invest heavily in mobile banking in the provision of financial services to international corporations? (10 marks)

QUESTION FOUR

John Dunning's 'eclectic theory' of foreign investment asserts that the likelihood of a firm investing abroad depends essentially on firm-specific factors, location-specific factors that make it advantageous to invest in a particular country, and 'internalization' advantages which cause the internal transfer of labour, capital and technical

knowledge within the firm to be more cost-effective than using outsiders, such as licensees, import agents, distributors and so on.

Give examples of

- a). (i). Firm specific factors (7 marks)
- (ii). Location specific factors (8 marks)
- b). Briefly explain what you understand by the absolute advantage theory. (5 marks)

QUESTION FIVE

- a). Countries usually restrict the volume of trade by imposing both tariff and non-tariff barriers. Briefly explain some of the non-tariff barriers that can be invoked by a country (10 marks)
- b). Explain some of the components of political risks that are faced by international businesses (10 marks)