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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

**2020/2021 ACADEMIC YEAR
FIRST YEAR SECOND SEMESTER
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF
COMMERCE/BUSINESS MANAGEMENT**

COURSE CODE:BCO 124/BBM 125

COURSE TITLE: INTERNATIONAL BUSINESS MANAGEMENT

DATE: 13/07/2021

TIME: 2.00PM-4.00PM

INSTRUCTION TO CANDIDATES

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

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE

Read the case below and answer the questions that follow

Mahindra & Mahindra

Mahindra & Mahindra (M & M) is a major player in the tractor and certain segments of the automobile market in India. After an impressive growth for a few years, the tractor market in India has been stagnating during 1998-1999 to 2000-2001.

M & M has been selling its tractors and utility vehicles in foreign markets including USA. Some of the components for its products have been sourced from abroad.

M & M has a 100 per cent subsidiary in USA, Mahindra USA, with a strong network of 100 dealers. Mahindra has a five per cent market share in the US market in the 20-30 horse power (HP) range.

As a part of the strategy aimed at building a global supply chain, Mahindra USA has signed a memorandum of understanding (MoU) with the Korean tractor major Tong Yang, a part of the \$ 2 billion Tong Yang Moolsam group, according to which Mahindra will source high horse power (mostly 25-40 hp range) and sell them around the world under the M & M brand name. To start with, the premium range of tractors will be sold in the US.

M & M's current tractor range is more utility-oriented and lacks the aesthetic appeal that Tong Yang's tractors have, a must for a strong presence in the US market.

Questions

- a). Which entry strategy is used by M&M? Justify your answer. (5mks)
- b). Indicate any two of each of the following for M&M
 - i). Strengths (2mks)
 - ii). Weaknesses (2mks)
 - iii). Opportunities (2mks)
 - iv). Threats (2mks)
- c). International business is dominated by developed countries and their multinational corporations (MNCs). What are the salient features of MNCs? (7mks)
- d). Outline any five disadvantages of International business (10mks)

QUESTION TWO

- a). While international trade theories outline the rationale for undertaking international business/trade, they face serious criticism due to the fact that they are not conclusive. Explain (10mks)
- b). What determines a nations ability to compete internationally according to Porter? (10mks)

QUESTION THREE

- a). Empirical evidence supported the PLC theory in the 1950s and early 1960s, but not thereafter. Explain reasons for this turn. (10mks)
- b). "It is easier to operate in the home domestically than internationally." Explain the special problems faced in international business (10mks)

QUESTION FOUR

- a). Explain the main assumptions in the H-O model (2x2x2 model) (10mks)
- b). while international business affords countries what they do not have in abundance, it is not fully supported. Explain the disadvantages that may be witnessed from international business. (10mks)

QUESTION FIVE

- a). Briefly explain the constraints faced in entering overseas markets (10mks)
- b). Using hypothetical data, explain the theory of comparative advantage (10mks)

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30 Estagh GG ND
31 Daegu UN 25
32 Spennywar 1
34 Jonava Kasno GG ND
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