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KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS  
SPECIAL/ SUPPLIMENTARY EXAM

2022/2023 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BCO 125

COURSE TITLE: INTRODUCTION TO INTERNATIONAL BUSINESS MANAGEMENT

DATE: 08/08/2023

TIME: 2:00-4:00pm 2hours

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INSTRUCTIONS TO CANDIDATES

Answer Question ONE (compulsory) and ANY OTHER TWO questions

SECTION A

## QUESTION ONE

Use case below to answer the following questions

### The Coca-Cola Company

The Coca-Cola company was founded in the United States in 1886. The company set up bottling plants in Canada in 1906. In 1928, it introduced the soft drink Coca-Cola at the Olympic Games which were held in Amsterdam. In the 1940s, the company began to set up bottling plants in countries around the world.

Coca-Cola is popular because it has been advertised as a brand of soft drink connected with fun, friends and good times. Its international image was successfully promoted by a 1971 commercial, where a group of young people from all over the world gathered on a hilltop in Italy to sing "I'd Like to Buy the World a Coke." In 1978, the Coca-Cola Company was selected as the only non-Chinese company allowed to sell packaged cold drinks in the People's Republic of China.

Today, the company produces nearly 400 brands in over 200 countries. More than 70 percent of the company's income comes from outside the United States. Coca-Cola is an extraordinarily successful example of multinationalization. Its success raises the question of why and how it has been so successful. The multinationalization of the Coca-Cola Company is also often used as an example to illustrate the concept of economic globalization.

- a). Trace the aspects of globalization in the above case (10mks)
- b). Based on the case above, state some of the characteristics of MNCs (10mks)
- c). What strategies do MNCs use to reduce political risk? (10mks)

## QUESTION TWO

- a). Discuss the different types of regional trade blocks with their merits to member countries (10mks)
- b). Explain the determinants of a nations competitive advantage theory as proposed by Porter (10mks)

## QUESTION THREE

- a). Explain the main assumptions in the H-O model (2x2x2 model) (10mks)
- b). Discuss the methods of entry to international markets (10mks)

#### QUESTION FOUR

a). Explain the meaning of the following terms as used in international business (10mks)

- i). International business
- ii). International management
- iii). International investment
- iv). Global business
- v). International marketing

b). Explain the mandate of the world bank (10mks)

#### QUESTION FIVE

a). "The whole universe is a potential market for your products". Discuss the disadvantages of international business (10mks)

b). Briefly describe the location specific factors that favour domestic businesses (10mks)