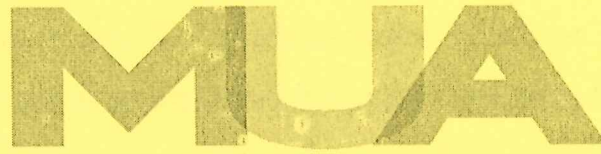


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 400 : INTERNATIONAL BUSINESS TRADE AND FINANCE

DATE: 8TH AUGUST 2019

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

THE GROWTH AND EXPANSION OF MICROSOFT CORPORATION

Microsoft Corporation is an American multinational technology company, which develops and sells a wide range of consumer and enterprise software, hardware, services, and electronics. Founded by Bill Gates and Paul Allen in Albuquerque, New Mexico, in 1975, the company is currently based in Redmond, Washington. Microsoft's mission is 'to enable people and organizations throughout the world to do more and achieve more by creating technology that transforms the way people learn, work, play, and communicate'. Microsoft employs approximately 114,000 people on a full-time basis. Sixty three thousand (63,000) staff are employed in the US and fifty one thousand (51,000) staff are employed internationally. Its business strategy can be classified as product differentiation. The company develops advanced technology products and services and sells them for premium prices. Moreover, Microsoft business strategy is currently focused on 'cloud-first, mobile-first', growth through mergers and acquisitions, and exploring business opportunities related to augmented and virtual reality. Microsoft is seen as one of the world's largest and most successful IT companies, Microsoft's global revenue has increased relatively consistently since its conception, with the figure standing at \$85 billion in 2016. That same year, the company's net income topped \$16 billion, higher than 2015 but down from its 2011 peak of \$23 billion. The company's success has translated into personal wealth for those closely involved in its formation. Predictably, both Bill Gates and Paul Allen have both amassed large fortunes on the strength of Microsoft's growth. Historically, Microsoft has generated the majority of its revenue from its commercial licensing business segment. This is perhaps unsurprising, considering that the segment traditionally included licensing for Microsoft Office, the most commonly-used suite of office/productivity software, as well as Microsoft's enterprise server operating systems. Windows has been installed in more than 1 billion devices and the introduction of Xbox Live has seen a growth to 49 million users every month, which is a 33% increase from last year. The growth

was mainly driven by the game franchise Minecraft, which has sold over 106 million copies.

Required;

- a) Demonstrate five (5) key factors that have contributed to the spiraling growth in globalization of Microsoft (10 Marks)
- b) Microsoft as a global organization has been able to employ staff from various backgrounds. Explain five (5) ways Microsoft has been able to handle cultural differences in the workplace (5 Marks)
- c) State five (5) political risks that Microsoft is likely to face if the political climate of a country that it operates it changes (5 Marks)
- d) Define GNI and state four (4) ways that Managers of Microsoft company can improve the usefulness of GNI for the benefit of the people of America (5 Marks)

QUESTION TWO

- a) Describe the relationship between cultural foundations and ethical behavior (5 Marks)
- b) Discuss five assumptions of the theory of comparative advantage (10 Marks)

QUESTION THREE

- a) Identify and explain five (5) nontariff barriers that governments use to directly affect the quantity of imports and exports (10 Marks)
- b) Identify five (5) benefits of regional economic integration in Africa (5 Marks)

QUESTION FOUR

- a) Describe five (5) major foreign-exchange instruments (10 Marks)
- b) State five (5) roles of central bank in your country (5 Marks)

QUESTION FIVE

- a) Define value chain and explain the four (4) components of value chain (5 Marks)
- b) The operational mistakes associated with exporting can be very costly. Describe using clear examples five (5) pitfalls of exporting (10 Marks)

QUESTION SIX

- a) Discuss five (5) motives for collaborative arrangements (10 Marks)
- b) With the help of an example in each case, distinguish between the following;
- i. Vertical differentiation (2.5 Marks)
 - ii. Hedging strategy (2.5 Marks)