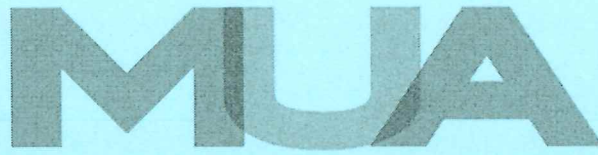


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

MGT 412 : INTERNATIONAL BUSINESS MANAGEMENT

DATE: 16TH DECEMBER 2024

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:

ONCE BITTEN, TWICE SHY: ENTRY INTO INTERNATIONAL BUSINESS AND GLOBAL ENVIRONMENTAL OPPORTUNITIES/THREATS

Kimbelembele Investments Company Limited was started by a group of enterprising energetic young people, very passionate for wealth and all other aspects of success. Their commencement of business domestically was given a great boost by business innovation incubator schemes from the University where they had graduated with first class honours. Further, the enabling environment was provided by government loans and grants in a scheme geared towards promoting women and youth entrepreneurs.

Within the domestic market, Kimbelembele Investments Company Limited kept on thriving year after year. The company got many national government and several county government tenders for supply of varying categories of goods and services. This was greatly due to a provision in the Public Procurement and Disposal Act which exempted businesses owned by women and youth from stringent capitalization and collateral requirements. Sometimes Kimbelembele Investments Company would be awarded government contracts which they would only serve as a bridge but grant the works to be done by other companies, both local and foreign. Kimbelembele Investments Company would then just bank huge sums of money by simply playing a mediation role.

The directors of Kimbelembele Investments Company Limited eventually ventured into international business, having been lured by the international contractor companies they had been granting government contracts to. The company invested colossal sums of money in overseas mining business. Heavy amounts were used in mineral explorations and surveys. Once a major breakthrough was achieved after spending USD 2,000,000 and when return on investment was feasible, the overseas government took over the mining with zero compensation to the company that

undertook mineral exploration and survey. This was a single blow that totally knocked out Kimbelembele Investments Company from international business. Citizens of the overseas country were overly hostile to foreigners, the country's economy was inclined towards socialism, there was only one dominant religion, internet and digital platforms were heavily controlled by the government, nationalisation was greatly embarked on.

Any subsequent proposals to Kimbelembele Investments Company to venture into international business have been treated with the attitude; 'once bitten, twice shy'. It is true that international businesses are faced with complex global macro-environmental threats. However, opportunities also exist in the global arena, which international businesses ride on to make lucrative returns on investment. There are also diverse modes of entry into international business with varying degrees of risks and investment capital requirements.

Required:

- a) Using examples from the experiences encountered by Kimbelembele Investments Company, evaluate five global macro-environmental forces that influence international business. In view of the above, discuss the opportunities and threats that may affect Kimbelembele Investment **(15 Marks)**
- b) Propose to the directors of Kimbelembele Investments Company, five modes of entry into international business weighing the risks and benefits of each. **(10 Marks)**

QUESTION TWO

- a) Illustrate three fundamental objectives of International Monetary Fund (IMF), citing examples on how it has been fulfilling its mandate over the years. **(6 Marks)**
- b) Draw out six contrasts between international businesses and domestic businesses. **(9 Marks)**

QUESTION THREE

- a) As a student well versed with international business, demonstrate three characteristics of Trans-National Enterprises (TNEs).
(6 Marks)
- b) Foreign Direct Investment (FDI) has its pros and cons. Argue out six cons of Foreign Direct Investment (FDI) to developing countries.
(9 Marks)

QUESTION FOUR

- a) Analyse the benefits of international trade from 'absolute advantage' and 'comparative advantage' perspectives.
(3 Marks)
- b) Evaluate six functions that indicate the significance of international finance in the enhancement of international trade and business.
(12 Marks)

QUESTION FIVE

- a) Demonstrate the Bartlett & Ghoshal Matrix, clearly describing its four international business strategies.
(6 Marks)
- b) Organizations around the world must undergo change in order to cope with changing environmental demands. Assess six approaches that managers of international businesses can effectively employ to minimize resistance to organizational changes.
(9 Marks)

QUESTION SIX

- a) Distinguish between 'free market' and 'command' economic systems citing examples.
(3 Marks)
- b) Assess the difficulties experienced in global harmonization of ethical standards for international businesses citing relevant examples.
(12 Marks)