PAN AFRICA CHRISTIAN UNIVERSITY

BCM308: INTERNATIONAL BUSINESS MANAGEMENT EXAM ONLINE

DATE: TIME:

ANSWER QUESTION ONE AND ANY OTHER THREE

QUESTION 1 (COMPULSORY) (10 MARKS)

(a) Read the case study below and use it to answer questions (i) to (iv) below

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 2016-2017 to 2019-2020. 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.

(i) Explain **ONE** advantage and **ONE** disadvantage of global sourcing. **(2 Marks)**

(ii) Discuss how the foreign market will help in the expansion of M & M. **(2 Marks)**

(iii) Explain how the strategic alliance with Tong Yang will benefit M & M. **(3 Marks)**

(iv) Discuss **THREE** possible risks of the alliance and suggest how they can be overcome. **(3 Marks)**

QUESTION 2 ***(10 MARKS)***

(a) Explain **FOUR** roles of multinational corporations in developing countries.**(4 Marks)**

(b) To expand the scope of their operations and to get goods and services which they do not have, countries engage in business with other countries. Discuss **THREE** factors that affect this kind of business. **(6 Marks)**

QUESTION 3 ***(10 MARKS)***

(a) Discuss, with relevant examples, **TWO** approaches to International Business. **(4 Marks)**

(b) Future Limited has recently started trading in the international market. Explain **THREE** challenges that such a company may face when trading in that market. **(6 Marks)**

QUESTION 4 ***(10 MARKS)***

(a) Discuss, with relevant examples, **TWO** types of foreign investment. **(4 Marks)**

(b) Exent Limited, as part of their growth strategy, is planning to go international. Explain **THREE** reasons that would warrant such a decision. **(6 Marks)**

QUESTION 5 ***(10 MARKS)***

Discuss the following trading blocs:

(i) COMESA; **(5 Marks)**

(ii) NAFTA. **(5 Marks)**

QUESTION 6 ***(10 MARKS)***

(a) Explain **FOUR** objectives of General Agreement on Tariffs and Trade. **(4 Marks)**

(b) Kenya and China have signed an agreement to engage in a number of businesses. Discuss **THREE** features of such kind of an arrangement. **(6 Marks)**

End of Exam