



SOUTH EASTERN KENYA UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

FIRST SEMESTER EXAMINATION FOR THE MASTER OF BUSINESS ADMINISTRATION

DSM 602: GLOBAL STRATEGIC MANAGEMENT

DATE: 16TH December, 2016

TIME: 9.00-12.00PM

INSTRUCTIONS:

Answer Question ONE and any other THREE Questions

SECTION A; COMPULSORY FOR A TOTAL OF 30 MARKS

Read the Case Study below and answer question one that follows:

Winnipeg Tools Corporation {WTC} is a Canadian Multinational firm manufacturing small farm implements and agricultural equipment. The company is based in Winnipeg, Manitoba, state in Canada. The management of the company realized that China has moved to Africa in a big way to supply small implements. They decided also to try the African market and started to conduct a market research.

The main problem faced by the company was that they had not tried to sell their goods in an African country. Their knowledge about Africa was scanty. Based on the little information they had, the company decided to send a delegation to two West African Countries and two Eastern African Countries to collect market information and to assess the viability of the market. In the missions were the marketing manager and the production manager.

The two managers visited Ghana and Nigeria in West Africa, and to Kenya and Tanzania in Eastern Africa. They were looking for suitable location to launch their operations. They were

looking for countries that are politically stable, countries that have in place positive laws towards foreign businesses, developed infrastructure and availability of commercial services.

In Nigeria, they found that there was a great potential as a market, but there was no reliable information on the size of the market. They also came face to face with Chinese salesmen promoting all manner of Chinese goods including farm implements.

When the team arrived in Eastern Africa they found that the market in Tanzania had already been taken by Indian and Chinese technology. In Kenya there was a mixture of British, Chinese and Indian technology. But the information on the size of the market and existence of the potential for business collaborations was bigger in Eastern Africa than in West Africa. The team was also informed that through the initiatives of common Markets for Eastern and Southern Africa {COMESA}, member countries had agreed to arrange for Insurance for foreign investments against political upheavals.

The information gathered by marketing and production managers of WTC showed that governments of Ghana, Nigeria, Tanzania and Kenya have positive policies and incentives directed at businesses that invest in agriculture for this is a sector of the economy that governments consider will solve the problems of hunger and uplift the standard of living of the people. Although some governments were politically stable, some showed signs of instability. Some have elaborate strategic plans of developing the country and others short term plans. The marketing manager and production manager went back to Canada having collected some information and they were promised by those they met that they will send them comprehensive reports on the available opportunities and incentives given by their governments.

- (a) Based on the case, discuss how managers of an organization can analyze political and economic developments in potential market **{6 Marks}**
- (b) From which sources of information can Multinational Corporation use in order to assess the potential market? **{5 Marks}**
- (c) What are the likely political and economic risks associated with potential host countries? **{6 Marks}**
- (d) What can attract any multinational corporation to invest in a country and which four examples are given in the above case? **{8 Marks}**

- (e) What suggestions are likely to be given by the junior and middle managers to the senior managers concerning the expansion and what can be their likely limitations? **{5 Marks}**

SECTION B: ANSWER ANY THREE QUESTIONS FOR A TOTAL OF 30 MARKS

QUESTION TWO

- (a) Discuss three global strategies for creating competitive advantage/offensive and contrast them to those of avoiding competitive disadvantage/defensive **{6 Marks}**
- (b) “The concept of a firm globalization cannot be understood only in terms of a firm market spread abroad” Discuss this statement in depth **{4 Marks}**

QUESTION THREE

- (a) With clear and elaborate examples discuss the five factors that contribute to increased complexity in the global business environment **{5 Marks}**
- (b) “For a firm to think of going international and global, it must be a success where it is coming from.” Discuss this statement clearly illustrating it with examples **{5 Marks}**

QUESTION FOUR

- (a) Discuss three theories that explain globalization in modern societies explaining their applicability in explaining different countries trade **{6 Marks}**
- (b) Discuss the Social-Cultural framework that affect globalization clearly illustrating two cultural and two social factors that are critical for consideration **{4 Marks}**

QUESTION FIVE

- (a) Organizations expand internationally in many different ways, these expansion modes cannot be implemented without an effective structure. Explain giving examples the following generic organizational models **{4Marks}**
- i) Global hub

ii) Multidimensional

(b) Explain giving examples the foreign market entry strategies that would be most appropriate where competitive advantages are

a) Location specific **{2 Marks}**

b) Labour specific **{2 Marks}**

c) Raw materials specific **{2 Marks}**