MUEO

MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC AFFAIRS, RESEARCH & EXTENSION

UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FORTH YEAR END OF SEMESTER EXAMINATIONS

FOR THE DEGREE OF
BACHELOR OF BUSIN ESS MANAGEMENT

EXAM CODE:- **BBM 475**

COURSE TITLE:- **INTERNATIONAL BUSINESS MGT & OPERATIONS**

DATE:- 12TH APRIL, 2016 **TIME:- 2.00 P.M. – 5.00 P.M.**

INSTRUCTION TO CANDIDATES
- SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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INSTRUCTIONS: -

- *Answer Question **ONE** and any other **THREE** questions*
- *Time allowed: **3 hours***

QUESTION ONE-(COMPULSORY) 25 MARKS

FRANCE TELECOM now turns to FRANCOPHONE AFRICA

FRANCE TELECOM has turned its focus to Africa's Francophone countries in a new wave of global expansion that follows the winding up of its operations in East African markets over poor returns and management disputes with some governments.

On Tuesday last week, January 12, the telco which is trading as Orange SA, announced that it had entered into an agreement to take over Liberia's leading mobile operator Cellcom Telecommunications Ltd through its subsidiary- Orange Cote d'Ivoire.

Barely 24 hours later, the French Conglomerate announced it had signed another agreement with Bharti Airtel International (Netherlands) BV to acquire Airtel's operations in Burkina Faso and Sierra Leone. The company had also been looking for potential acquisitions in Chad and Brazzaville. In 2014, the telco exited the Ugandan market by selling off its majority stake in Orange Uganda to Africell Holdings.

Last year, France Telecom agreed to sell its 70 percent stake (83 million shares) in Telkom Kenya to the UK-based private equity firm Helios Investment Partners LLP. France Telecom is exiting EA markets as part of plans to abandon ownership of unprofitable business ventures in Africa.

France Telecom says it will now acquire 100 percent shareholding of Airtel's operations in Burkina Faso and Sierra Leone through partnerships with Orange's subsidiaries in Cote d'Ivoire and Senegal. The consolidated revenue of the two companies is estimated at 275 million euros ($299 million). The acquisitions will enable the company to add about 5.5 million new customers to its mobile customer base of 263 million.

Orange's international development strategy targets faster business growth by entering emerging markets with high potential and offering a menu that features richer connectivity.

The company is also present in the Democratic Republic of Congo, Niger, Cameroon, Central Africa Republic, Botswana, Mali, Cote d'Ivoire, Senegal, Guinea, Equatorial Guinea, Mauritius, Egypt and Tunisia.

Required:

a) Define the International Business Management Concept. (3 marks)

b) Using the above case study explain five business strategies that France Telecom is using to carry out its business operations internationally. (15 marks)

c) Explain some of the bottlenecks that international firms like France Telecom face as they manage their international business operations internationally. (6 marks)

d) Explain one organizational theory that compels organizations to venture out of their headquarters. (1 mark)

QUESTION TWO

(a) Using the international product cycle explain the patterns of international trade. (9 marks)

b) Explain countries risks that may adversely alter the business value of international firms. (6 marks)

QUESTION THREE

Discuss the role of the following institutions to international business management.

(a) World Bank (WB) (5 marks)

(b) World Trade Organizations (WTO) (5 marks)

(c) International Labour Organizations (ILO) (5 marks)

QUESTION FOUR

Explain monopolistic tendencies that multinational companies (MNCs) engage in as they operate in international arena. (10 marks)

(b) Briefly discuss the contribution of Human Capital to international firm's performance. (5 marks)

QUESTION FIVE

Explain the effects of **standardization** and **customization** models in the performance of international firms. (15 marks)

QUESTION SIX

Write short notes on the following elements in relation to international business management.

(a) Cost of transactions

(b) The bargaining model

(c) Counter trade

(d) Foreign direct investment (15 marks)

END