



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF MANAGEMENT**

QUALIFICATION: BACHELOR OF BUSINESS MANAGEMENT HONOURS	
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COURSE CODE: IBM811S	COURSE NAME: INTERNATIONAL BUSINESS MANAGEMENT
SESSION: JUNE 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

THIS EXAMINATION QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)

SECTION A

[20 MARKS]

Question 1- Multiple Choice Questions [10 x 2 marks]

1.1 A _____ is a less rigid form of social stratification in which social mobility is possible.

- A. caste system
- B. normative system
- C. religious system
- D. class system

1.2 For international businesses, the connection between culture and competitive advantage is important because:

- A. a weak connection is likely to encourage isolationism
- B. a weak connection is likely to encourage competition
- C. a strong connection is likely to produce the most viable competitors
- D. a strong connection is likely to hamper innovation

1.3 An act, as simple as shaking hands when meeting new people is an example of:

- A. values
- B. symbolic behavior
- C. mores
- D. social stratification

1.4 Moving down the experience curve:

- A. allows a firm to reduce its cost of creating value
- B. increases the cost of a firm's raw material
- C. decreases a firm's profitability
- D. increases the R & D expenditure of a firm

1.5 A _____ system is based on a very detailed set of laws organized into codes.

- A. traditional law
- B. theocratic law
- C. civil law
- D. common law

1.6 The value of a product to an average consumer is V ; and the average price that the firm can charge a consumer for that product is P . Here, $V - P$ can be termed as:

- A. consumer surplus per unit.
- B. producer surplus per unit
- C. profit growth
- D. profit per unit sold

1.7 Modern socialism has been popularized largely through the work of _____.

- A. Adam Smith
 - B. Karl Marx
 - C. David Hume
 - D. Thomas Hobbes
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1.8 A multinational enterprise (MNE) is a firm that _____.

- A. lists its securities on a public exchange
- B. exports its products to multiple countries
- C. does most of its business on the Internet
- D. has production units in more than two countries

1.9 Ethical systems are:

- A. a set of moral principles, or values, that are used to guide and shape behavior
- B. shared beliefs and rituals that are concerned with the realm of the sacred
- C. routine conventions of everyday life
- D. social rules that govern people's actions toward each other

1.10 _____ is variously defined as selling goods in a foreign market at below their costs of production or as selling goods in a foreign market at below their "fair" market value.

- A. Export restraint
- B. Dumping
- C. Local content requirement
- D. Ad valorem

Section B

[50 MARKS]

Question 2: Essay Type Questions

2.1 Discuss the implications of cultural differences for international businesses? [15 Marks]

2.2 Substantiate the political and economic reasons for governments to intervene in markets? [10 Marks]

2.3 Consider a transnational strategy. Why would a firm choose this strategic alternative as divergent to international strategy? [10 Marks]

2.4 Discuss the key factors that companies must be aware of before deciding to do business in other countries? [15 Marks]

Question 3: Case Study

(This question requires that you read the given case study and analyse as required)

Company Case: The Sainsbury's plan for growth!

Sainsbury's has defied the odds by having a good recession, now it's on the expansion trail, Tim Danaher finds out more about its plans.

Sainsbury's has, by common consensus, been one of the winners of the recession.

By marrying a focus on food with a strong value message, the grocer succeeded in growing market share during trading conditions in which some observers thought it might struggle.

Tomorrow: Financial services and online/digital

As with most retailers, digital is at the heart of Sainsbury's plans. The Crayford store is full of staff fulfilling online orders, each working zones in the store on six orders at a time, which are then consolidated at the back.

As they trundle round the shop, it all looks a bit low-tech and labour-intensive. But Sainsbury's websites are to be replatformed over the next two years, and digital kiosks in stores, click-and-collect - which is already available in 160 stores - and an iPhone app are all on the agenda.

"We're starting to think of digital as a wider concept," says Shapland. "The two key game-changers in digital are going to be mobile and insight." Coupe points out that the greater control online gives shoppers has encouraged the channel's growth during the downturn.

Understanding how the customer behaves online will be central to the digital strategy. The aim is to create one database that will create a single view of the customer, enabling Sainsbury's to personalise offers and encourage shoppers to buy more services from it.

The frequency with which customers shop with grocers and the insight from Nectar card data should give Sainsbury's an advantage in this field. "We've got a lot of investment and resource going into it [digital]," Shapland says.

One particular area where this insight is likely to be deployed is financial services. They might not be a glamorous aspect of retailers' business, but Shapland sees great growth potential in Sainsbury's Bank, ranging from initiatives such as travel money click-and-collect, which is launching soon, to a fuller range of financial products.

The finance business has moved from making a loss to a profit of £18m in the first half and, with the benefit of a full banking licence through its tie-up with HBoS, has benefited from consumers greater confidence in retail brands at the expense of the better known banks. It also sells insurance as an introducer, and makes money through ATMs and bureau de changes.

"It took a while to work out how to do banking properly," says Shapland. "We think we've done that now." He observes that financial services customers are much more loyal, and wants to use Nectar rewards to help lock in shoppers across financial services and the weekly shop.

The future: International and new goods and services

Sainsbury's has been a UK business since the sale of Shaw's in the US so it's little wonder that its possible return to international markets has been the source of excitement.

Shapland confirms international stores are on the agenda, and the focus will be on "developing markets with retail capacity". The company's team in China is nine months into the project of scoping

the market there, which Shapland says was a natural place to start because Sainsbury's already has a sourcing office there. Other fast-growing emerging markets will be considered too.

But he insists it will be some time before the strategy takes shape and even longer before it makes a difference to the business. "It won't be anything to worry about in the next two or three years, and it will be 10 years before it's anything material," Shapland says.

In the UK, he sees big growth opportunities in moving into new goods and services. Along with financial services, energy, pharmacy and Fresh Kitchen are all new, recent ventures that have taken the brand beyond its core business.

He highlights a deal with British Gas as an example of stretching the brand into new fields. The two launched a partnership in February with the aim, Shapland says, of "creating a really simple energy service". Nectar again is being used as a driver to encourage customers to the brand, and energy centres will be set up in stores to promote the service. The relationship is a five-year partnership and aims to help customers go green.

Investments in energy and financial services may lack the glamour of international ventures and new store formats, but they show the breadth of Sainsbury's aims to build on its relationships with its customers and use the power of Nectar to lock in their loyalty.

None of it may be revolutionary in the broader retail scheme but, for Sainsbury's, the changes will mark the move from recovery into expansion mode.

Extracted from:

<https://www.retail-week.com/stores/the-sainsburys-plan-for-growth/5024709.article?authent=1>

Questions

3.1 Identify a potentially attractive target market for the company's future international expansion strategy. In order to identify which of these countries represents a potentially attractive target market, you are required to undertake a comparative PESTEL analysis of the macro-environmental factors of the chosen countries. [20 Marks]

3.2 In reference to the CAGE Framework, what are the opportunities/attractiveness that exist in the chosen market? [10 Marks]