



**STRATHMORE INSTITUTE  
DIPLOMA IN INTERNATIONAL RELATIONS  
END OF SEMESTER EXAMINATION  
DIR 1106: INTERNATIONAL BUSINESS AND DEVELOPMENT**

**DATE: 16<sup>th</sup> April 2019**

**Time: 2 Hours**

**Instructions**

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

**QUESTION ONE – COMPULSORY QUESTION**

Strathmore University is a chartered university based in Nairobi, Kenya. Strathmore College was started in 1961, as the first multi-racial, multi-religious Advanced-level Sixth Form College offering science and arts subjects. In January 1993, Strathmore College merged with Kianda College and moved to Ole Sangale Road, Madaraka Estate. In August 2002, the Commission of Higher Education awarded Strathmore a Letter of Interim Authority to operate as a University with a Faculty of Commerce and a Faculty of Information Technology. In 2008, Strathmore was awarded a charter to become a fully-fledged university. It also has since established Strathmore Business School, with academic linkage to various top Business Schools, including IESE and Harvard Business School.

a. Strathmore University wants to open a branch in Athi River. Under the SWOT analysis, discuss with examples **THREE** Opportunities that Strathmore has to ensure its expansion is successful

**(6 Marks)**

McDonald's is an American fast food company, founded in 1940 and is the world's largest restaurant chain by revenue, serving over 69 million customers daily in over 100 countries across approximately 36,900 outlets as of 2016. Although McDonald's is best known for its hamburgers, cheeseburgers and french fries, they also feature chicken products, breakfast items, soft drinks, milkshakes, wraps, and desserts. In response to changing consumer tastes and a negative backlash because of the unhealthiness of their food, the company has added to its menu salads, fish, smoothies, and fruit. The McDonald's Corporation revenues come from the rent, royalties, and fees paid by the franchisees, as well as sales in company-operated restaurants. According to a BBC report published in 2012, McDonald's is the world's second-largest private employer (behind Walmart) with 1.9 million employees, 1.5 million of whom work for franchisees.

- b. McDonalds is looking to open a restaurant in Nairobi. Do a detailed PESTLE analysis for the company **(6 Marks)**
- c. Discuss Michael Porter's FIVE forces that impacts a firm's competitiveness **(5 Marks)**
- d. Discuss THREE ways how a government can encourage Foreign Direct Investment **(6 Marks)**
- e. What is the difference between entrepreneurship and intrapreneurship **(1 Mark)**
- f. When undergoing international business development, there are THREE types of International Strategies a firm can undertake. Discuss these strategies giving examples **(6 Marks)**

## **QUESTION TWO**

- a. i. Define Globalization **(1 Mark)**
- ii. Globalization has had both a positive and negative impact on the music industry and its development. Discuss ONE positive impact and TWO negative impacts of globalization on the music industry **(6 Marks)**
- b. Give TWO advantages and TWO disadvantages of mergers **(4 Marks)**
- c. Give TWO advantages and TWO disadvantages of acquisitions **(4 Marks)**

## **QUESTION THREE**

- a. Giving an example of each, outline three differences between Franchising and Licensing **(6 Marks)**
- b. Amazon wants to strengthen their presence in Kenya. Discuss, giving relevant examples, THREE promotion tools that will make Amazon successful **(6 Marks)**
- c. Discuss THREE ways how the government intervenes in trade **(3 Marks)**

## **QUESTION FOUR**

- a. Giving relevant examples, discuss Coca-Cola's business development strategies under the Ansoff's Matrix **(8 Marks)**
- b. Giving relevant examples, explain THREE ways how ICT influences Globalization **(6 Marks)**
- c. Discuss one factor that can influence a company's decision to invest **(1 Mark)**

### **QUESTION FIVE**

- a. i. What is the difference between a Monopolistic Competition market and an Oligopoly market  
**(1 Mark)**
- ii. Giving TWO assumptions, where would small restaurants fall between the two markets above  
**(4 Marks)**
- b. Give TWO ways in which Starbucks Corporation, a US coffee company, can use the pricing strategy to attract market here in Kenya  
**(4 Marks)**
- c. Ghemawat's research suggests that to study "barriers to cross-border economic activity" you will use a "CAGE" analysis. Discuss the CAGE analysis in business development giving relevant examples  
**(6 Marks)**