

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

INTERNATIONAL MANAGEMENT
(SUPPLEMENTARY/ SPECIAL)

Examination

2013 - 2014

BAM III – NKOZI CAMPUS

Date: 12th/ 08/ 2014

Time allowed: 3 hours

Instructions

1. Do not write anything on the question paper
 2. Section I is COMPULSORY.
 3. Answer any 2 questions of your choice from section II.
 4. All Questions carry equal marks.
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SECTION I

Please read the case study carefully and answer **ALL** the questions that follow.

Business Electrolux

AB Electrolux (commonly known as Electrolux) is a Swedish multinational household and professional appliances manufacturer headquartered in Stockholm, Sweden. It is the world's second-largest household appliance maker by revenues (after Whirlpool). Electrolux products sell under a variety of brand names including its own and are primarily major appliances and vacuum cleaners intended for consumer use. The company also makes appliances for professional use. Electrolux has a primary listing on the Stockholm Stock Exchange and is a constituent of the OMX Stockholm 30 index.

The company originates from a merger of two companies, one an established manufacturer and the other a younger company founded by a former vacuum salesman who, incidentally, was a former employee of the former firm. The origins of Electrolux are closely tied to the vacuum, but today it makes all major appliances. Lux AB, incorporated in 1901 by Sven Carlson, was a Stockholm-based maker of large kerosene lamps for railway stations, based on an invention by David Kempe. In 1912 it had factories on the Lilla Essingen Island in Stockholm and in Riga, then part of imperial Russia. As competitors started to make similar models and electric lighting started to compete with kerosene, Lux needed a new product and in 1912 started to manufacture electric vacuum cleaners, in a design by Axel Wenner-Gren. The name changed to Elektrolux in 1918 when the company merged with Svenska Elektron AB. In 1918 the company had 400 employees. a major manufacturer in 1919 as a Svenska Elektron AB subsidiary, Elektromekaniska AB, became Elektrolux the spelling was changed to Electrolux in 1957. It initially sold Lux-branded vacuum cleaners in several European countries. By 1925 the company had added absorption refrigerators to its product line and other appliances soon followed: washing machines in 1951, dishwashers in 1959, and food service equipment in 1962, etc. The Company had often and regularly expanded through mergers and acquisitions. While Electrolux had bought several companies before the 1960s, that decade saw the beginnings of a new wave of M&A activity. The company bought ElektroHelios, Norwegian Elektra, Danish Atlas, Finnish Slev, and Flymo,

et al., in the nine years from 1960 to 1969. This style of growth continued through the 1990s, seeing Electrolux purchase scores of companies including, for a time, Husqvarna.

- a) With examples from the case define Foreign Direct Investment? (5 Marks)
- b) Discuss the methods of how the owners of Electrolux acquired voting power in their enterprise? (4 Marks)
- c) Discuss the major benefits of Foreign Direct Investment to the host country. (7 Marks)
- d) What are the costs of Foreign Direct Investment to the host country? (4 Marks)
- e) Discuss the trends in Globalization. (8 Marks)
- f) Discuss the business case why Electrolux engages in Foreign Direct Investment? (12 Marks)

SECTION II

- 2 a) discuss the pros and cons of globalization? (30 Marks)
- 3 a) Discuss the Strategic human Resource role in international Markets? (22 Marks)
- b) Explain advantages and disadvantages Ethnocentric Approach to strategic Human Resource? (8 Marks)
- 4 a) What is protectionism and give benefits that governments derive from it? (20Marks)
- b) What are the arguments against government intervention of trade? (8 Marks)
- 5a) Define Total Quality Management? (4 Marks)
- b) Explain the key elements that an organization must concentrate on in order to implement Total Quality Management successfully. (16 Marks)

c) Discuss the reasons as to why companies should adopt Total Quality Management? (10 Marks).

6. Write short notes on the following;

a) Foreign market servicing options. (5Marks)

b) Strategic alliances. (5Marks)

c) Customs valuation and State trading enterprises(5Marks).

d) Preshipment inspection. (5 Marks)

e) Managing the differences in culture? (10 Marks)

7 a) discuss the levels of regional economic integration. (15 Marks)

b) Discuss the advantages and demerits of multinational companies. (15 Marks)