

SET A

NEW SUMMIT COLLEGE, Shantinagar, Kathmandu

BBM Program

Faculty of Management

MID TERM EXAMINATION - 2080

Program: BBM

Level: Sixth Semester

Subject: Mgmt. 316: Introduction to International Business

Full Marks: 60

Pass Marks: 30

Time: 3 hrs.

Candidates are required to give their answers in their own words as far as practicable. Figures in the margin

Group A

Brief Answer Questions:

(6 × 1 = 6)

- 3 1. Differentiate between globalization and international business.
6 2. Define domestic business.
9 3. Describe the concept of Mercantilism.
12 4. Point out the drivers of market globalization.
15 5. Point out the leading economic integrations blocs.
18 6. What is E-commerce?

Group B

Descriptive Answer Questions:

(6 × 3 = 18)

- 27 7. Explain the concept of social globalization?
36 8. Why do business firms expand their transaction across border? Describe any three reasons.
45 9. Explain the concept of Dunning's Electric Theory of FDI.
54 10. Explain the competitive advantage theory.
0103 11. What is the major agreement made in European Union?
6 12. Give the concept about Communism, Capitalism and Socialism.

Group C

Analytical Answer Questions:

(4 × 6 = 24)

- 0130 13. Explain the theory of comparative advantage for international trade. Also mention its assumptions in which the theory it is applicable.
0148 14. Define trade barriers. Explain the various types of tariffs and non-tariffs barriers.
0206 15. What is cultural environment? Why cultural environment matter in international business.
0224 16. Explain the various ways to reduce political risks.

Group D

Comprehensive Answer Questions:

(4 × 3 = 12)

17. Read the following case carefully and answer the questions given below.

McDonald's, a US-based fast food chain, was looked out for the look-out of appropriate markets for its global expansion. Chicken was as basic to McDonalds, as beef to KFC. It found that a potential market could be the South Asian market including India, the second most populous country in the world. For benchmarking, McDonalds was interested in knowing how KFC performed in India.

KFC, a multinational company is another fast food chain in the world. It operates more than 30,000 outlets in 121 Countries around the globe. An account has it that it serves about 46 million customers every day.

In its bid to expand the chain across the globe, it entered India in the late 199's. It sets a target to serve 200 million prosperous middle -class Indians. Another target was to set 118 Outlets in 6 years. KFC, as the giant fast food chain, is popular in the world for hamburgers made mostly of beef. It is the biggest user of beef in the world. Beef is prohibited to Hindus, the majority population of India. Likewise, pork is taboo to Muslims, the second biggest community in India. In addition, there is a sizable population of vegetarians that also includes staunch followers of Jainism.

Well aware of the fact, KFC offered new product lines to Indian market. Maharaja Burger was made of mutton and Aloo Tikki Burger made of chicken. KFC carefully segregated all of its products into veg. and non-veg categories.

When KFC had just begun positioning itself into the Indian market, it had to face a law suit back in USA. There was a case filed against KFC on the charge of using beef-extract in its French fries in the US market. The case at the US market not only went against KFC and took a political turn. It was the time when Bharatiya Janata Party along with its Hindus nationalist allies, including Shiva Sena was ruling India. Some of the KFC outlet where vandalized and arson took place in others. It has to face the pressure to close down its operation in India. It all hit hard the KFC image.

McDonald's meanwhile, started operating in Nepal through its first outlet in Durbarmag Kathmandu, in FY 2009/2010, and then branched in Tripureshwor.

Questions:

- 0233 a) Identify the major cultural differences that KFC faced in its India.
6242 b) How could KFC have better prepared itself to prevent cultural problems in India?
6251 c) What basic differences in cultural implications lie between the McDonald's and KFC cases? Explain the differences.
0300 d) If KFC were planning to enter Nepalese market also, what cultural differences and factors would you suggest their managers?

to use the brand name
to sell product