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UNIVERSITY REGULAR EXAMINATIONS

2013 /2014 ACADEMIC YEAR

1ST YEAR 1ST SEMESTER EXAMINATIONS

(MAIN EXAMINATION)

FOR THE MASTER DEGREE IN BUSINESS ADMINISTRATION

COURSE CODE: MBA 852

COURSE TITLE: GLOBAL STRATEGIC MANAGEMENT

DATE: 24TH APRIL 2014

TIME: 2:00P.M.-5:00P.M.

Answer question ONE (Compulsory) and any other THREE.

QUESTION ONE

Read the case below and answer the questions that follow:-

In early 2004 IBM announced that it would begin to increase the amount of software development and other high technology work performed outside the USA. Lured by markedly lower labour costs in places like China, Brazil and India, IBM believed that it needed to hire thousands of engineers and other skilled personnel in these locations to reduce the overall cost of business operations. As a result, many American employees would face the likely prospects of unemployment. Unlike other USA firms that had done this previously, IBM's announcement shocked employees because their top management avoided giving the employees the full extent and impact of the impending job losses. This was against a backdrop of IBM being known and praised for previously promoting high wages and full employment where possible in USA. IBM competitors such as Intel, HP, Dell and Microsoft had already started operation in the low cost countries, reducing costs as much as possible to compete globally and remain competitive. (Adapted from Pitts and hei, 2006).

Required.

- a) IBM's decision is strategic in nature. With reference to the cause critically analyse characteristics of strategic decisions. (10mks)
- b) From Porter's perspective, IBM is seeking pursuit of low cost leadership strategies. As a strategy expert, advice IBM on the pros and cons of pursuit of such a strategy. (20mks)
- c) IBM seeks to develop software outside the USA. Discuss other benefits that have resulted from globalization other than export of jobs across nation. (10mks)

QUESTION TWO

- a) Build a case for factors that determine nation competitiveness in business. (10mks)
- b) Discuss the role of the government in international business. (10mks)

QUESTION THREE

- a) Critically examine the Resource based view of the firm, highlighting how it assists in determining the competitiveness of a firm in the global arena. (10mks)
- b) Discuss the characteristics of a global strategy. (10mks)

QUESTION FOUR

- a) Firms may adopt different modes of internationalizing their business operations. Joint ventures are an example of such a mode. Examine the challenges faced by firms adopting this strategy. (10mks)
- b) 'Corporate success at the global level is dependent on strategic leadership: Validate this assertion. (10mks)

QUESTION FIVE

- a) A key determinant of successful implementation of global strategic is compliance or alignment with national cultures. With reference to Hoefsted's cultural dimension, explain how this can be achieved. (10mks)
- b) Discuss the challenges facing firms that have embraced global strategic management. (10mks)