



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW AND BUSINESS INTELLIGENCE

DEPARTMENT OF ENTREPRENEURSHIP, MARKETING AND ECONOMICS

EXAMINATION PAPER

COURSE CODE : CBM424

COURSE TITLE : MANAGEMENT OF INTERNATIONAL
BUSINESSES

SPECIAL REQUIREMENTS :

DURATION : 3 Hours

LEVEL : 4.1

DATE

08 APR 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer question number **one (1)** in Section A (Compulsory) and any other **three (3)** questions in Section B.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

SECTION A (This question is compulsory)

Question 1

Read the case study below and answer the following questions

ENTRY OF HUAWEI INTO INDIA.

Huawei is a Chinese business-to-business (B2B) company that rapidly expanded into the global market since 1997. Before that, its name was literally unheard of outside China. In 2000, the company decided to enter into the Indian market. However, it faced various challenges: Crowded space: The telecommunication space was crowded with various domestic and international players. In such a space, the company had to make a distinctive brand for itself as a reliable partner. Politically charged history: Ever since the Sino-Indian wars in 1962, India and China had maintained a cool distance. Clashes between the two troops in the disputed northern border were not unheard of. In such a scenario, the Indians regarded the Chinese company with scepticism. Cultural perception: For most Indians, the Communist Republic of China was a closed country. Although neighbours, the people-to-people exchange between the two Asian giants was very rare. One reason could be attributed to the language difference; Chinese were mostly non-English speakers, whereas most of India used English as their business language. Therefore, Huawei found it difficult to establish trustworthy relations with the Indian businesses community. Quality perception: In India, Chinese products were perceived to be of inferior quality. This was a negative factor for Huawei.

Solution

- To overcome these challenges, Huawei decided to invest some time to understand the Indian market better. The company implemented the following steps:
- Established R&D centres and service centres in the country.
- Allocated 90% jobs locally to the Indians—a fact that worked very favourably in building a good reputation of the company among the Indians.
- Set up two production plants in Chennai.
- Conducted skill based workshops for Indians with Huawei staff to make them aware about the international standards. This also helped the company to clarify the cultural misconceptions the Indians had about the Chinese.

- Sourced most of its components locally, which made them not only cheaper but also helped the local companies to achieve international quality standards. Again, the Huawei staff helped the local companies in skill and technology enhancement.
- Promoted consumer products such as smartphones by establishing strategic partnerships with local media channels.
- Advertised Huawei smartphones as aspirational products to remove the perception of low quality of Chinese products.
- Fostered a strong brand culture.
- Set up rewards and recognition programs for R&D talent.
- Promoted Indian employees to managerial positions.

Conclusion

There is a misconception among strategy formulators and marketers that the two Asian giants, India and China, share a similar culture, which is not the case. For companies on both sides to enter into each other's market, it is important to study the market comprehensively before entering into it. The Chinese company Huawei found it as difficult to break the cultural barriers in the Indian market as the Western companies do. Huawei was able to successfully overcome these barriers by:

- Establishing itself as a trustworthy brand
- Building relationships with the local businesses and personnel
- Committing a long-term, sustainable relationship that would boost India's economy and create jobs for locals
- Providing superior quality consumer products

Source: <https://www.ft.com/content/a7c4d656-fe89-11e1-8028-00144feabdc0>

QUESTION ONE

- a) Explain the globalisation strategy implemented by India (5).
- b) What were the challenges faced by Huawei while entering the Indian market? Compare those challenges with the challenges that the company faced while entering another market, such as Europe or Africa with focus on crowded telecom market, political differences, cultural differences, misconceptions about the company and its products, general scepticism about job creation (12)

- c) What are the key learnings from the Huawei's entry into India (8)

SECTION B Answer any 3 questions. Each question carries 25 marks

QUESTION TWO

A small Zimbabwean firm that has developed valuable new medical products using its unique biotechnology know-how is trying to decide how best to serve the U.S. market. Its choices are given below. The cost of investment in manufacturing facilities will be a major one for the Zimbabwean firm, but it is not outside its reach. If these are the firm's only options, which two options would you advise it to choose? Why?

- (a) Manufacture the products at home and let foreign sales agents handle marketing.
- (b) Manufacture the products at home and set up a wholly owned subsidiary in U.S. to handle marketing.
- (c) Enter into an alliance with a large U.S. pharmaceutical firm. The products would be manufactured in U.S. by the 50/50 joint venture and marketed by the U.S. firm. (25 marks)

QUESTION THREE

If a firm is changing its strategy from an international to a transnational strategy, what are the most important challenges it is likely to face in implementing this change? How the firm can overcome these challenges? (25 marks)

QUESTION FOUR

Discuss the reason for the establishment of the World Bank. How does it operate? Also, explain the major areas of work of the organisations under the World Bank. (25 marks)

QUESTION FIVE

Explain the term 'Globalisation'. Why do companies engage in international business? Discuss the role of globalisation in the development of Indian business (25 marks)