

	<b>UNIVERSITY OF RUHUNA</b> <b>FACULTY OF MANAGEMENT AND FINANCE</b>	No. of Pages : <del>03</del> <sup>02</sup> <span style="float: right;">R</span> No. of Questions: 06 Total Marks :70
	BACHELOR OF BUSINESS ADMINISTRATION HONOURS DEGREE 3000 LEVEL FIRST SEMESTER END EXAMINATION – AUG/SEP 2023	Three Hours
<b>MGT 31613: International Business</b>		Academic Year 2023
<b>Instructions</b> ➡ Answer all questions.		

### Question 01

How do the Transaction Cost theory and the Uppsala Model of Internationalization predict a firm's mode of entry into a foreign market? (15 Marks)

### Question 02

I. "Throughout history, Sri Lanka's geographical location has held significant strategic importance in the realm of international business". Justify the validity of this statement. (08 Marks)

II. Explain the concept of globalization by highlighting both the factors that accelerate globalization and criticisms of globalization. (07 Marks)

**(Total 15 Marks)**

### Question 03

I. "Managing human resources is more difficult in multinational enterprises than in its national counterpart". Justify the validity of this statement. (08 Marks)

II. Explain how information technology is used in global operations and supply chain management. (07 Marks)

**(Total 15 Marks)**

### Question 04

TakeMe is a prominent taxi app that has achieved substantial success in India by leveraging an entirely online business model. The app connects passengers with available drivers, offering a convenient solution for transportation needs. With its top position in the Indian market, the regional manager of the South Asia region is now proposing to expand TakeMe's operations into Sri Lanka. The regional manager's proposition is based on the following factors.

- **Cultural Similarities:** India and Sri Lanka share cultural affinities due to historical, linguistic, and social ties. Similarities in customs, festivals, and social norms can potentially contribute to the success of TakeMe in Sri Lanka.
- **Market Gap:** If there is a gap in the existing market of Sri Lanka, TakeMe could capitalize on this opportunity and provide an efficient and user-friendly alternative.

However, top management replied ‘*Despite the perceived cultural similarities, several challenges should be considered before expanding into Sri Lanka*’. Further, in line with the company's strategy to boost its presence, the top management has advised allocating a significant portion of the budget to support taxi drivers, while allocating a smaller share for advertising efforts. The primary focus is on motivating taxi drivers as a means of promoting the app effectively.

- I. Briefly explain Hofstede's cultural dimensions. (5 Marks)
- II. Briefly explain some challenges that should be considered before expanding into Sri Lanka. (5 Marks)
- III. Advise the regional manager to select the most appropriate media for advertising with a small budget. Justify your answer. (5 Marks)

**(Total 15 Marks)**

#### **Question 05**

Yuasa, an automobile manufacturer headquartered in Japan, specializes in exporting compact hatchback vehicles with engine capacities below 1300 cc to cater to the middle-income segment in Sri Lanka. The YuasaMaxia (1300 cc) has gained significant popularity owing to its attractive pricing and the influence of its Japanese origin. Recently, the Sri Lankan government announced its intention to implement a substantial tax increase on vehicles with 1300 cc engine capacities starting next year. In response to this impending challenge, the marketing department has proposed two potential solutions. The first involves rearranging the distribution channels, while the second entails the possibility of establishing local assembly operations within Sri Lanka. The top management has declined the aforementioned proposals, specifying that the company's capacity for adjustments is limited to the production process within its home country.

Provide two suggestions to the top management to manage the price escalation.

**(05 Marks)**

#### **Question 06**

RiZa, an esteemed tea bar chain operating in Australia, is owned by a Sri Lankan entrepreneur. His innovative introduction of the tea bar concept has not only gained widespread recognition but also established RiZa as the leader in the market, and now it is a mature brand in Australia. Drawing from his success, the entrepreneur now sets his sights on venturing into the New Zealand market. With a conviction rooted in the shared cultural affinities between the two nations, he believes RiZa evolving into a popular brand in New Zealand, much like its acclaimed status in Australia. The finance department of RiZa has recommended the standardization of advertising strategies as a strategic move to capitalize on the benefits offered by economies of scale and cross-fertilization. However, the marketing department's stance on advocating for advertising customization.

Support the marketing department in convincing the owner of the importance of advertising customization based on the given facts. **(05 Marks)**

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