Final Examination
Semester 3 / Year 2011

COURSE : INTERNATIONAL BUSINESS
COURSE CODE : IBUS2003
TIME : 2 1/2 HOURS
DEPARTMENT : MANAGEMENT
LECTURER : WONG YONG HuAT

Student’s ID :
Batch No. :

Notes to candidates:
1) The question paper consists of 3 pages, 10 multiple choices, 10 true & false and 5 essay questions.
2) Answer all questions.
3) Return the question paper with your answer booklet.
Part A-10 multiple choice questions (2 marks per question, total 20 marks). Circle the right answer

1) Which of the following questions must a firm's strategic planners answer?
   A) What products does the firm intend to sell?
   B) Where and how will it make those products?
   C) Where and how will it sell them?
   D) all of the above

2) Who is primarily responsible for strategic planning in a firm?
   A) top-level executives
   B) middle managers
   C) operational managers
   D) functional executives

3) International firms capture ________ by locating their facilities anywhere in the world that yields the lowest production or distribution costs.
   A) multinational flexibility
   B) economies of scale
   C) location efficiencies
   D) economies of scope

4) International firms capture ________ by building factories to serve more than one country and lowering production costs.
   A) multinational flexibility
   B) economies of scale
   C) location efficiencies
   D) economies of scope

5) Starbucks uses all of the following entry methods in its international operations except ________.
   A) wholly owned subsidiaries
   B) licensing agreements
   C) franchising agreements
   D) joint ventures

6) What is the first step in selecting a foreign market?
   A) assessing market potential
   B) assessing the level of competition
   C) monitoring major markets
   D) evaluating host country's trade policies
7) Which of the following is not a mode of entry into foreign markets?
A) exporting  
B) importing  
C) international licensing  
D) international franchising

8) ________ is the most common form of international business activity.
A) Exporting  
B) Licensing  
C) Greenfield strategy  
D) Management contract

9) A ________ is a special type of strategic alliance in which two or more firms join together to create a new business entity that is legally separate and distinct from its parents.
A) joint venture  
B) licensing agreement  
C) franchising arrangement  
D) strategic alliance

10) Which of the following can be used to enter or expand international operations for a firm?
A) exporting  
B) licensing  
C) joint venture  
D) all of the above

Part B-10 true & false questions (2 marks per question, total 20 marks).  
Write down the correct answer True-T, False-F.

1. The global functional design is most effective when the firm has many products.  
2. The higher the level of interdependence among divisions and functions in a firm, the more coordination is required.  
3. Operations control usually focuses on the lower levels of a firm such as first-line managers and operating employees.  
4. Empowering a subsidiary's board promotes centralization.  
5. It is important for a firm to adopt an international marketing strategy that supports the firm's overall business strategy.  
6. Standardization allows the firm to develop cost efficiencies in manufacturing, distribution, and promotion while customization allows a firm to tailor the marketing mix to meet customer needs.
7. When a firm deals directly with its final consumers, it is making direct sales.

8. The business strategy followed by the firm sets the stage for the role of operations management within an international firm.

9. Buying from an external supplier reduces a firm’s financial and operating risk.

10. Firms are often attracted to countries that have established free trade zones.

Part B- 5 essay questions (Total 60 marks). Please answer all five questions.

**Question 1:**
Can you think of any foreign products you use that may have been marketed in the Malaysia as a result of a strategic alliance? Explain the benefits of strategic alliances. (20 marks)

**Question 2:**
Would you want to work for a foreign-owned firm? Why or why not? Express your own opinions briefly. (10 marks)

**Question 3:**
What is the difference between an overall cost leadership strategy and a focus strategy? (10 marks)

**Question 4:**
What are the five primary types of entry modes for foreign markets? Explain each briefly. (10 marks)

**Question 5:**
What are the four functions of organization design? (10 marks)