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FINAL EXAMINATION**

COURSE NAME : INTRODUCTION TO INTERNATIONAL BUSINESS
COURSE CODE : DSM3223
EXAMINATION : JUNE 2023
DURATION : 3 HOURS

INSTRUCTION TO CANDIDATES

1. This question paper consists of **TWO (2)** parts :
PART A (40 Marks)
PART B (60 Marks)

2. Candidates are not allowed to bring any material to examination room except with the permission from the invigilator.

3. Please check to make sure that this examination pack consist of:
 - i. The Question Paper
 - ii. An Objective Answer Paper
 - iii. An Answering Booklet

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

*This examination paper consists of **9** printed pages including front page*



PART A

This part consists of TWENTY (20) questions.

Answer ALL in Objective Answer Paper.

1. Lycom Tires is a multinational corporation (MNC) with facilities in Australia, Ireland, Canada, and the United States. Which of the following is the least likely problem that Lycom experiences in global management?
 - A Political risks.
 - B Cultural differences.
 - C Supply chain variations.
 - D Language complications.

2. Which of the following would be considered as an international business transaction?
 - A Recruiting employees internationally.
 - B Shipping finished products from one country to another for retail sale.
 - C Borrowing money from a major bank to finance capital improvements.
 - D Purchasing products in one country and assembling them in the same country.

3. _____ theory holds that there are advantages to trade because different countries can produce different goods more efficiently than others.
 - A Gold
 - B Product life cycle
 - C Factor endowment
 - D The absolute advantage

4. In the Heckscher-Ohlin theory, the two trading countries differ in which of the following?
 - A Taste.
 - B Military capabilities.
 - C Labour productivities.
 - D Relative availabilities of factors of production.

5. Why specialisation and trade increase a nation's total output according to David Ricardo's principle?
- A The problem of unemployment is eliminated.
 - B The output of the nation's trading partner declines.
 - C Resources are directed to their highest productivity.
 - D The nation can produce outside of its production possibilities curve.
6. Bangladesh is relatively abundant in labour, while Japan is relatively abundant in capital. In both countries the production of shirts is relatively more labour intensive than the production of computers. According to the Factor Endowment theory, Bangladesh will experience which of the following?
- A Comparative advantage in production shirts.
 - B Absolute advantage in production of computers.
 - C Comparative advantage in production computers.
 - D Absolute advantage in production of shirts and computers.
7. Robert is a vice president at Waja Steels, an MNC that manufactures computer chips. His company is considering expansion, and Robert is responsible for identifying potential locations. Which of the following would best help Robert identifying a country's unilateral transfers and income generated by past investments?
- A Current account balance.
 - B Official settlements balance.
 - C Balance on merchandise trade.
 - D Balance on goods and services.
8. Which of the following information is **not** derived from balance of payments of a nation?
- A Gifts to and from foreign countries.
 - B Foreign earnings on domestic assets.
 - C What is earned from the imposed tariff.
 - D Residents' earnings on assets located abroad.

9. All of these are examples of macropolitical risk, **except**
- A conflicts between Afghanistan, Iraq, Libya, and Syria.
 - B Saudi Arabia's nationalization of its oil industry in the 1970s.
 - C civil wars apart Sierra Leone, Zaire, Bosnia, and Rwanda in the 1990s.
 - D the Asian financial crisis that gripped much of East Asia and Southeast Asia beginning in July 1997.
10. The action of Sudan transitional government to seize the Malaysian national oil company's assets in African nation without compensation asset seizures is known as _____
- A confiscation.
 - B privatization.
 - C expropriation.
 - D nationalization.
11. What kind of people who place a high premium on material possessions, money, and assertiveness?
- A High in individualism.
 - B High in power tolerance.
 - C High in aggressive goal behaviour.
 - D At high levels of the social hierarchy.
12. Social structure refers to which of the following statement?
- A The means by which a society's members communicate with each other.
 - B Shapes the behaviour of and opportunities available to MNCs operating in a given culture.
 - C Shapes the attitudes its adherents have toward work, consumption, individual responsibility, and planning for the future.
 - D The overall framework that determines the roles of individuals within a society, the stratification of the society and the individuals' mobility within the society.

13. Which of the following factor is commonly considered when assessing alternative foreign markets?
- A Current size of market.
 - B Potential size of market.
 - C Competitive levels in market.
 - D All of the above.
14. Licensing is essentially a permission to use which of the following?
- A Real estate.
 - B Trademarks.
 - C Labour leasing.
 - D Production facilities.
15. Walt Disney permits a German clothing manufacturer to market children's pajamas embroidered with Mickey Mouse in return for a percentage of company sales. This is an example of which mode of entry?
- A Exporting.
 - B Licensing.
 - C Franchising.
 - D Contract manufacturing.
16. Top Glove Corporation Berhad is a Malaysian rubber glove manufacturer that owns and operate 50 manufacturing facilities in Malaysia, Thailand, China and Vietnam. Which of the following factor should be taken into account before Top Glove considers the appropriate mode of entry in such countries?
- A Government regulation.
 - B Level of risk and competition.
 - C Physical infrastructure in host country.
 - D All the above.

17. Toyota operates a manufacturing facility in Georgetown, Kentucky. To build goodwill, Toyota provides grants to local charities, funds college scholarships to graduating high school students, and sponsors local youth sports teams. This is an example of which promotion mix?
- A Advertising.
 - B Public relations.
 - C Personal selling.
 - D Sales promotion.
18. Marketing managers at Chantiq Home Furnishings strive to develop products, pricing strategies, promotional strategies, and distribution tactics that set the firm's products apart from those of competitors in the eyes of customers. Chantiq Home Furnishings has cultivated an image of perceived quality and fashion that allows the firm to charge prices higher than most furniture businesses. What is the overall business strategy of Chantiq Home Furnishings?
- A Focus.
 - B Differentiation.
 - C Cost leadership.
 - D Related diversification.
19. Microsoft tends to follow a geocentric staffing model. From which group will it tend to hire?
- A Host country nationals.
 - B Third country nationals.
 - C Home country nationals.
 - D All of the above.

20. After several separate assignments in Russia, Lily feels as comfortable in Moscow as she does in his hometown of Chicago, Illinois. Lily speaks Russian fluently and her family practices cultural traditions from both Russia and the United States. What stage of acculturation is Lily experiencing?

- A Adaptation.
- B Honeymoon.
- C Biculturalism.
- D Disillusionment.

[40 MARKS]

PART B

This part consists of **FOUR (4)** questions.

Answer **ALL** questions in Answering Booklet.

QUESTION 1

- a. Briefly explain the **three (3)** types of political risk. (6 marks)
- b. Differentiate the concept of nationalization, expropriation and confiscation. (9 marks)

QUESTION 2

- a. Explain **three (3)** reasons why exporting is the most popular form of entry mode. (6 marks)
- b. From your observation, point out why firms choose to engage in wholly owned subsidiaries strategy, which are more costly, rather than international joint venture. Why do you think so? Support your answer by giving **three (3)** reasons. (9 marks)

QUESTION 3

- a. Generally, manufacturers of industrial product such as electronic equipment and computer software uses personal selling more than advertising to communicate with their overseas market. Discuss **two (2)** advantages of personal selling. (6 marks)
- b. With an appropriate examples, compare the concepts of ethnocentric, polycentric and geocentric approach in international marketing. (9 marks)

QUESTION 4

- a. New expatriates may experience a sense of loss regarding their old culture environment as well as confusion, rejection, self-doubt and decreased self-esteem from working in a new an unfamiliar cultural setting. What are **two (2)** actions that can be taken by firms to reduce the issues of expatriation failure.

(5 marks)

- b. Why do you think a company incline to adopt ethnocentric staffing philosophy as compared to other philosophy, by highlighting **three (3)** advantages and **two (2)** disadvantages.

(10 marks)

[60 MARKS]

END OF QUESTION PAPER



