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ONLINE FINAL EXAMINATION**

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**COURSE NAME** : INTRODUCTION TO INTERNATIONAL BUSINESS  
**COURSE CODE** : DSM3223  
**EXAMINATION** : JUNE 2022  
**DURATION** : 3 HOURS

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**INSTRUCTION TO CANDIDATES**

1. This question paper consists of **TWO (2)** parts :  
PART A (70 Marks)  
PART B (30 Marks)
2. Please refer to the detailed instructions in this question paper.
3. Answer ALL questions in the answer sheet which is A4 size paper (or other paper with the consent of the relevant lecturer).
4. Write your details as follows in the upper left corner for each answer sheet:
  - i. Student Full Name
  - ii. Identification Card (I/C) No.
  - iii. Class Section
  - iv. Course Code
  - v. Course Name
  - vi. Lecturer Name
5. Each answer sheet must have a page number written at the bottom right corner.
6. Answers should be **neat and clear in handwritten form**.

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

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*This examination paper consists of **11** printed pages including front page*

**PART A**

This part consists of **THIRTY FIVE (35)** questions.

Answer ALL in Answer Sheet.

1. What are the main motives for going globalization?
  - A Market, economic and social reasons.
  - B Market, economic and strategic reasons.
  - C Consumer, producer and government reasons.
  - D Financial, competitive and profit oriented reasons.
  
2. All of the following are benefits of international business **except**?
  - A Decreased competition.
  - B Improved political relationship.
  - C Expanded business opportunities.
  - D Increased sources of raw materials.
  
3. With the globalization of markets, what is expected to happen on the tastes and preferences of consumers world-wide?
  - A Converging upon a global norm.
  - B Becoming similar to the tastes and preferences of consumers.
  - C So different that they can be ignored by international in capital.
  - D Being encouraged by multinational organizations to become increasingly similar.
  
4. Globalization has \_\_\_\_\_ the opportunities for a firm to expand its revenues by selling around the world and \_\_\_\_\_ its costs by producing in nations where key inputs are cheap.
  - A reduced, reduced.
  - B increased, reduced.
  - C reduced, increased.
  - D increased, increased.

5. Identify a factor that doesn't play an important role in attracting Foreign Direct Investment (FDI).
- A Language.
  - B Cost of resources.
  - C Laws, rules and regulations.
  - D Administrative procedures and efficiency.
6. How comparative advantage is defined?
- A How the world actually works.
  - B To produce and consume all goods without trade.
  - C Globalization, growing economic linkages among countries.
  - D You produce the things you are especially good at, and buy from others, the goods you are less efficient in producing.
7. Which theory contributes to the development of a product from the day it is launched until the day it is obsolete in the consumer market?
- A Hecksher-Ohlin.
  - B Porter's Diamond.
  - C Country Similarity.
  - D Product Life Cycle.
8. Why does country imposes restrictions on imported goods and services?
- A To ensure lower cost of living born by the nation.
  - B To ensure smoother flow of goods internationally traded.
  - C To protect national industry and to achieve trade surplus.
  - D To ensure higher standard of living enjoyed by the nation.

9. Which of the following reasons are suggestions from Porter for one nation being more competitive than another?
- A Ability to speak English, a developed network of supporting industries, absence of competition and low labour cost.
  - B Abundant natural resources, skilled labour force, temperate climate and democracy.
  - C Strong sporting ethos, emphasis on individual achievement, strong national party impower and large home market.
  - D Factor conditions, demand conditions, related and supporting industries and firm strategy, industry strategy and rivalry.
10. India with a huge number of population, benefits from economies of scale in agricultural and textile sector. Based on the given situation, according to the Relative Factor Endowment theory, which of the following situation we may expect to take place?
- A India will import labour intensive products.
  - B India will export capital intensive products.
  - C India will import capital intensive products.
  - D None of the above.
11. Which of the following would be an example of foreign direct investment from the United States to Taiwan?
- A A United States bank buys bonds issued by a Taiwan computer manufacturer.
  - B Microsoft hires a Taiwanese computer programmer to debug some software for it.
  - C A United States car manufacturer enters into a contract with a Taiwan firm to make and sell it spark plugs.
  - D The state of California rents space in Taipei for one of its employees to use promoting tourism in California.

12. Which of the following is the reason the balance of payments is useful to international business people?
- A Predicting future technological changes.
  - B Indicating stability in a country's foreign policy.
  - C Signalling increased riskiness of lending to countries.
  - D Warning of new policies that could affect a country's business climate.
13. 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.
14. Robert is a vice president at SmartWorks, a MNC that manufactures computer chips. SmartWorks is considering expansion, and Robert is responsible for identifying the potential locations. Which of the following would best help Robert to identify 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.
15. Which of the following are judgements that are based on detailed codes, rather than precedents?
- A Civil law.
  - B English law.
  - C Common law.
  - D Bureaucratic law.

16. Which one of the following is a process by which both parties in the conflict agree to submit their cases to private individual or body whose decision they will honour?
- A Litigation
  - B Mediation
  - C Arbitration
  - D Negotiation
17. MNCs may make direct investments in new plants and factories, thereby creating local jobs. This refers to the \_\_\_\_\_ effect on host countries.
- A social
  - B cultural
  - C political
  - D economic
18. Which of the following is **not** an example of macropolitical risk?
- 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.
19. Detailed knowledge about a culture that enables people to live and work within it is called
- A aesthetics.
  - B social mobility.
  - C cultural literacy.
  - D cultural diffusion.
20. Why culture is said to be 'adaptive'?
- A Its elements are interrelated.
  - B It is shared by members of the society.
  - C It could be transmitted from one member of society to another.
  - D It changes in response to external forces that affect the society.

21. Social mobility is measured by which of the following?
- A The extent to which the society as a whole shifts its habitat.
  - B The extent to which inter-caste marriage is encouraged by society.
  - C The promptness with which an individual accepts foreign assignments.
  - D The extent to which an individual can move the strata to which he/she belongs.
22. Which of the following is **not** advantages of exporting?
- A Increased revenue.
  - B Not subject to trade restrictions.
  - C Penetrating foreign market on gradual basis.
  - D May involve little or no capital investment hence cheaper than other mode of entry.
23. Sulaiman Carpets engages in indirect exporting. The firm is essentially selling its carpet to which of the following?
- A Foreign customer through e-commerce.
  - B Affiliated company located in a foreign country.
  - C Domestic customer who then sells the carpets to a foreign customer.
  - D Foreign customer who then sells the carpets to a domestic customer.
24. Which of the following questions should the companies **not** consider before deciding to export?
- A Is exporting consistent with other company goals?
  - B What is the variability of the home-country's import tariffs?
  - C What demands will be exporting place on its key resources and how will these demands be met?
  - D Are the expected benefits worth the costs, or would company resources be better used for developing new domestic business?

25. The spectacular Petronas Twin Towers complex in Kuala Lumpur is a good example of \_\_\_\_\_ built by Bovis Lend Lease. The contractor will design, construct, and equip the complex before turning the facility over to the Malaysia government upon completion.
- A franchising
  - B turnkey project
  - C contract manufacturing
  - D foreign direct investment
26. April 2015, Toyota announced its first project in Mexico in three years, costing US\$1.5 billion for the new manufacturing plant in Guanajuato. The factory is scheduled to open in December 2019 with an eventual goal of hiring 3,000 employees and the capacity to produce 300,000 pickup trucks per year. This explain which of the following strategy?
- A Greenfield.
  - B Brownfield.
  - C Joint Venture.
  - D None of the above.
27. The firm that leases the right to use intellectual property is known as
- A the leasor.
  - B the leasee.
  - C the licensor.
  - D the licensee.
28. Which of the following approach is described as relatively expensive since the international marketer attempt to customize the firm's marketing mix to meet the needs of customers in each market?
- A Geocentric.
  - B Polycentric.
  - C Ethnocentric.
  - D Multidomestic.



29. 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. Which of the following is an example of such activity?
- A Advertising.
  - B Public relations.
  - C Personal Selling.
  - D Sales promotion.
30. A company adopt marketing strategy by providing customers with unique and distinct items from what their competitors may offer in the market place. The main objective of implementing this strategy is to increase it's competitive advantage. All of these, best explain which of the following international marketing strategy?
- A Focus.
  - B Differentiation.
  - C Cost leadership.
  - D Customization policy.
31. Which of the following is **not** an approach under staffing policy?
- A Biometric approach.
  - B Geocentric approach.
  - C Polycentric approach.
  - D Ethnocentric approach
32. After several separate assignments in Russia, Johnny feels as comfortable in Moscow as he does in his hometown of Chicago, Illinois. Johnny speaks Russian fluently and his family practices cultural traditions from both Russia and the United States. What stage of acculturation is Johnny experiencing?
- A Adaptation.
  - B Honeymoon.
  - C Biculturalism.
  - D Disillusionment.

- 33.** The company is seeking for mid-level and lower-level staff. It is essential for the company to hire one who is familiar with local economic conditions, culture and laws beside the company can save on relocation costs. Based on the given situation which staffing philosophy suits the needs of the company?
- A** Host-Country Nationals (HCNs).
  - B** Third-Country Nationals (PCNs).
  - C** Parent-Country Nationals (PCNs).
  - D** None of the above.
- 34.** Identify the correct statement with regards to training and development of staff by an international firm.
- A** Could either be a standardized or customised program.
  - B** Customised program is desirable since it is less expensive.
  - C** Standardized program is developed based on specific needs of the host country.
  - D** Standardized program is not desirable since it has higher standard of achievement.
- 35.** Which of the following describes the role of line managers and staff advisors, namely HR professionals?
- A** Staff advisors focus more on developing HR programmes while line managers are more involved in the implementation of those programmes.
  - B** Line managers are concerned more about developing HR programmes whereas staff advisors are more involved in implementing such programmes.
  - C** Staff advisors are solely responsible for developing, implementing and evaluating the HR programmes while line managers are not all involved in any matters concerning HR.
  - D** Line managers alone are responsible for developing, implementing and evaluating the HR programmes while staff advisors are not all involved in any matters concerning HR.

**[70 MARKS]**

**PART B**

This part consist of **THREE (3)** questions.

Answer ALL questions in Answer Sheet.

**QUESTION 1**

Discuss the Relative Factors Endowment Theory outlined by Eli Haeckers & Betsil Ohlin with an appropriate example.

(10 marks)

**QUESTION 2**

What specific issues must be addressed in a detailed legal contract for an international licensing agreement? Discuss the importance of each.

(10 marks)

**QUESTION 3**

Expatriates on long term assignments may face great acculturation challenges due to unfamiliar environment. Illustrate the phases of acculturation that these expatriates may experience during completing their foreign assignment at host countries.

(10 marks)

**[30 MARKS]**

**END OF QUESTION PAPER**