

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

PP302: INTERNATIONAL BUSINESS

DATE : 30 APRIL 2012 (MONDAY)
DURATION : 2 HOURS (2.30 PM – 4.30 PM)

This paper consists of **TEN(10)** pages including the front page.
Section A: Objective (25 questions – answer all)
Section B: Essay (3 questions – answer all)

CONFIDENTIAL
DO NOT OPEN THIS QUESTIONS BOOKLET UNTIL
INSTRUCTED BY THE CHIEF INVIGILATOR

(CLO stated at the end of each question is referred to the learning outcome of the topic assessed. The CLO stated is only for lecturer's reference. Student can ignore the CLO stated)

SECTION A**OBJECTIVES (25 marks)****INSTRUCTION:**

This section consists of **TWENTY FIVE (25)** objective questions. Answer **ALL** questions in the answer booklet.

1. Which one of the following is the **FALSE** statement of why firms and governments conduct international business? [CLO 1]
 - A. Increase the profits.
 - B. Reduce the cooperation between firms.
 - C. Expand the market share.
 - D. Enhance the collaboration between countries

2. Big companies such as Toyota, Matsushita, Motorola and Hyundai may set up manufacturing plants in less developed countries to save cost of labour, capital, components, land, technology and information. The main reason for these companies to go abroad is [CLO 1]
 - A. sales expansion
 - B. acquisition of resources
 - C. diversification of sales and supply sources
 - D. to minimize competitive risks

3. _____ is an investment used to control property or company's operation that is located at foreign country. [CLO 1]
 - A. Foreign direct investment
 - B. Licensing
 - C. Franchise
 - D. Export

4. Which one of the following is an environment force that influence IB? [CLO 1]
 - A. External and internal forces
 - B. Food shortages
 - C. Immigration controls
 - D. War

5. Which of the following is NOT shown in the uncontrollable forces in International Business? [CLO 1]
- A. Raw materials
 - B. Technological
 - C. Politic
 - D. Socioeconomics
6. Which of the following is not a Multi National Corporation (MNCs)? [CLO 1]
- A. Multidomestic company
 - B. Transnational company
 - C. Global company
 - D. Mixed domestic company
7. “sometimes it called a locally responsive company; allowing each of its foreign country operations called subsidiaries, to act more independently”

The statement above is suitable to explain [CLO 1]

- A. multinational corporation
 - B. transnational company
 - C. global company
 - D. multidomestic company
8. Which of the following could **NOT** be defined as a multinational company? [CLO 21]
- A. General Motor
 - B. Coca-cola
 - C. Dell
 - D. Johan Shipping Sdn. Bhd

9. Listed below are the types of economic systems practice in the world today **EXCEPT** [CLO 2]
- A. market economy
 - B. command economy
 - C. product economy
 - D. mixed economy
10. “It is a blend of government involvement in business and private ownership. It is also characterized by different mixture of market which depends on the degree of government intervention and the degree of reliance on the market forces.”
- The statement above represents [CLO 2]
- A. free economy
 - B. command economy
 - C. mixed economy
 - D. market economy
11. The average income for each person in a particular group is defined as [CLO 2]
- A. purchasing of power
 - B. structure of production
 - C. per capita income
 - D. quality of life
12. A country’s _____ influences how business is conducted domestically as well as internationally. [CLO 2]
- A. political system
 - B. economic system
 - C. legal system
 - D. financial system

13. From the list below, determine the political ideologies that can affect international business. [CLO 2]
- i. Communism
 - ii. Capitalism
 - iii. Conservative or Liberal
 - iv. Socialism
- A. i, ii and iii
 - B. i, ii and iv
 - C. ii, iii and iv
 - D. All of the above
14. Which of the following could **NOT** be defined as a legal system? [CLO 2]
- A. Common law
 - B. Civil law
 - C. Religious law
 - D. Transfer law
15. Which of the following is **NOT** a major type of political risk? [CLO 2]
- A. Partnership risk
 - B. Operating risk
 - C. Ownership risk
 - D. Transfer risk

16. 'Government in which one person or one political party exercises absolute control over all areas of human life, prohibits opposing political parties, denied free media and no regular elections...'

The statement above explains [CLO 2]

- A. individualism
- B. collectivism
- C. totalitarianism
- D. solidarism

17.

- it is the seizure of foreign assets by a government with payment of compensation to the owners.
- it is involuntary transfer of property, with compensation, from a privately owned firm to a host country government

The statements above refer to [CLO 2]

- A. confiscation
- B. nationalization
- C. expropriation
- D. domestication

QUESTION 18 – 19 are based on the following statements

W – A system of values and norms that are shared among a group of people

X - Shared assumptions about how things ought to be, that is about what a group believes to be good, right and desirable.

Y - The social rules and guidelines that prescribe the appropriate behavior in particular situations within the society

Z - The process of adjusting and adapting to a specific culture than our own

18. A definition of culture is [CLO 2]
- A. W
 - B. X
 - C. Y
 - D. Z
19. A statement for norms is [CLO 2]
- A. W
 - B. X
 - C. Y
 - D. Z
20. The Japanese culture places very high importance on [CLO 2]
- A. group membership
 - B. individualism
 - C. personal achievement
 - D. individual preferences
21. Countries with more than one major language [CLO 2]
- A. have frequent civil unrest.
 - B. have more than one major religion.
 - C. should be avoided by international businesses.
 - D. tend to have more than one culture.

22. The following answer reflects body language **EXCEPT** [CLO 2]
- A. hand gesture.
 - B. eye contact.
 - C. saying 'no' or 'yes'.
 - D. facial expression.
23. Which method adjusts the GNP of countries with the cost of living and allows a more direct comparison of living standards between countries? [CLO 2]
- A. Gross National Product (GNP)
 - B. Gross Domestic Product (GDP)
 - C. Purchasing Power Parity (PPP)
 - D. GDP Growth Rate
24. Among the countries of the emerging market economies are [CLO 3]
- A. Argentina and Brazil
 - B. Russia and Eastern Europe
 - C. Malaysia and Thailand
 - D. Germany and Italy
25. "Chemical Company of Malaysia Berhad (CCM) aims to generate awareness and boost exports of its wide portfolio of pharmaceutical products, particularly its comprehensive range of halal pharmaceuticals in Brunei via the Malaysia Showcase 2010."
- From the statement above, CCM can enter Brunei's market through [CLO 3]
- A. international joint venture
 - B. turnkey project
 - C. licensing
 - D. exporting

SECTION B
STRUCTURED ESSAY (75 marks)

INSTRUCTION:

This section consists of **THREE (3)** structured questions. Answer **ALL** questions.

QUESTION 1 [CLO 1]

- a) Define International Business. Provide your examples. (5 marks)
- b) Differentiate between International Business and Domestic Business. (5 marks)
- c) Explain **FIVE (5)** reasons why International Business must be operated. Provide your example. (15 marks)

QUESTION 2 [CLO 1]

- a) Define Multinational Corporations (MNCs)? (4 marks)
- b) List and describe **THREE (3)** types of MNCs. You need to provide example of companies and activities they run in order to support your answer. (15 marks)
- c) There are **THREE (3)** types of firms under MNCs. Differentiate all MNCs firm. (6 marks)

QUESTION 3 [CLO 2]

- a) Describe **THREE (3)** types of economic system (6 marks)
- b) Explain briefly the idea of political ideology and its effect to international business activity? (6 marks)
- c) Contrast common law, civil law, and customary law. (9 marks)
- d) Explain **TWO (2)** types of Political Risks? (4 marks)