

SECTION A

OBJECTIVES (25 marks)

INSTRUCTION:

This section consists of **TWENTY FIVE (25)** objective questions.

Answer **ALL**.

1. Which of the following statements define international business?
[CLO 1: C1]
 - A. Business transaction within national boundaries
 - B. Business transaction across national boundaries
 - C. Business transaction that involves many parties
 - D. Business activities that deals with suppliers from the same country

2. President Bush stated that we live in an era of “globalization.” What does that mean?
[CLO 1: C2]
 - A. We must abide by the International Criminal Court
 - B. The interdependent relationships among citizens and nations across the world
 - C. The United States **MUST** is the new policemen for the world
 - D. We need to encourage more foreign companies to migrate to the United States

3. Below are the main reasons why firms choose to engage in international business activity, **EXCEPT**
[CLO 1 : C3]
 - A. To expand their market
 - B. To gain resources
 - C. To avoid lack of focus
 - D. To adapt with changes in technology

POLITEKNIK
Jabatan Pengajian Politeknik

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

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

PP302: INTERNATIONAL BUSINESS

DATE : 18 NOVEMBER 2012 (SUNDAY)
DURATION : 2 HOURS (8.30 A.M. – 10.30 A.M.)

This paper consists of **TWELVE (12)** pages including the front page.
Section A: Objective (25 questions – answer all
Section B: Essay (3 questions – answer all)

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THE CHIEF INVIGILATOR

(The CLO stated is for reference only.)

8. A multinational business has more advantages because of its size and access to overseas markets **EXCEPT** [CLO 1: C4]
- A. reach consumers locally and small number of sales than other types of business
 - B. avoid trade barriers by setting up operations in countries that apply tariffs and quotas to import from businesses located abroad
 - C. minimize transportation costs by locating plants in different countries nearer to sources of materials or targeted consumer markets
 - D. minimize its wages costs by locating operations in countries paying low wages
9. Which of the following is **BEST** describe common activity of MNCs? [CLO 1: C3]
- A. buying resources from various countries
 - B. designing goods and/or services to home country
 - C. promoting goods and/or services within host countries
 - D. developing goods/or services within host countries
10. The acronym of MNC is [CLO 1: C1]
- A. Mexican National Committee
 - B. Maquiladora Negates Competition
 - C. Maytag-Nestlé Corporation
 - D. Multinational Corporation

4. Which of the following differentiate between international business and domestic business? [CLO 1: C1]
- A. Legal systems
 - B. Culture
 - C. Resources
 - D. All of the above
5. Below are the Equity-Based Mode of Entry **EXCEPT** [CLO 1: C2]
- A. Take Over
 - B. Merge
 - C. Acquisition
 - D. Export
6. Ahmad Dani Enterprise purchased Kalamata Olives from Greece to be sold in its stores. Which international business activity does this represent? [CLO 1: C4]
- A. exporting
 - B. importing
 - C. merchandising
 - D. transporting
7. Which the following is **NOT** a factor of a firm to determine the entry modes of international business? [CLO 1: C2]
- A. Advantages received from equity
 - B. Experience in international business transaction
 - C. Ability to differentiate their product from others
 - D. Large number of employees

14. A developed country can be defined through its economic growth and level of security. Identify countries that can be considered as developed countries from the list below.

[CLO 2: C3]

- i. United Kingdom
- ii. United States of America
- iii. Russia
- iv. German

- A. i, ii and iii
- B. i, ii and iv
- C. i, iii and iv
- D. ii, iii and iv

15. Which of the following is an accurate statement pertaining to politics and economies? [CLO 2: C4]

- A. Politics is the distribution of power and resources, while economics is the production and distribution of society's wealth.
- B. Politics is the production and distribution of society's wealth, while economics is the distribution of power and resources.
- C. Politics and economics are not related
- D. Both politics and economics deal with the distribution of society's wealth and the distribution of power and resources.

16. Which form of law is used as precedents as the result of past court decisions? [CLO 2: C3]

- A. Bureaucratic law
- B. Civil law
- C. Cultural law
- D. Common law

11. MNC stakeholder groups include _____. [CLO 1: C2]

- A. home country stakeholders
- B. host country stakeholders
- C. society in general
- D. all of the above

12. There are three types of Multinational Corporations (MNCs). Which one of the following is **NOT** a MNC? [CLO 1: C2]

- A. Multidomestic company
- B. Global company
- C. Mixed domestic company
- D. Transnational company

13. _____ is also known as free market economy / laissez-faire system as government intervention is minimal. [CLO 2:C4]

- A. Free economy
- B. Market economy
- C. Command economy
- D. Mixed economy

20. Which dimensions are mentioned in Hofstede's 5 Cultural Dimensions? [CLO 2: C4]
- i. Power distance
 - ii. Collectivism vs Individualism
 - iii. Masculinity vs Femininity
 - iv. Age vs Lifestyle
- A. i, ii and iii
 - B. i, ii and iv
 - C. ii, iii and iv
 - D. i, ii, iii and iv
21. Power distance is ____ [CLO 2: C4]
- A. the degree to which a culture accepts social inequality among the people
 - B. the degree to which a culture accepts social equality among the people
 - C. the degree to which a culture accepts uncertainty and ambiguity
 - D. the degree to which a culture differentiates individuals and groups
22. Identify the generalization involves in the situation below. [CLO 2: C4]

Aaron Ahmad and Amber Chee work together in the Hong Kong corporate office. Despite their similar backgrounds and qualifications, they cannot agree on whether it is appropriate to offer bribes to China officials in order to obtain their business dealings easily there.

- A. Individuals have their personal belief system
- B. Individuals from the same culture have similar beliefs
- C. Individuals can rationalize behavior
- D. Individuals may not always be consistent with their beliefs

17. Africa and many countries in Asia practice the _____ law system, while most parts in the United States; they follow the _____ law system. [CLO 2: C2]
- A. mixed; common
 - B. mixed; civil
 - C. common; civil
 - D. civil; customary
18. Culture can be defined as [CLO 3: C1]
- A. A series of steps in determining traditions and religious beliefs
 - B. A clear picture of human behavior or attitude that enables society to sit together and cooperate with each other
 - C. A collection of values, beliefs, behavior, customs and attitudes that distinguish a society
 - D. A combination of language and communication skills that enable firms to communicate internationally
19. Which of the following is NOT a component of culture? [CLO 2: C4]
- A. Values and norms
 - B. Attitude
 - C. Religion
 - D. Political influence

SECTION B**ESSAY (75 marks)****INSTRUCTION:**

This section consists of **THREE (3)** essay questions.

Answer **ALL** questions.

QUESTION 1

a) Define:

i. International Business (4 marks)

ii. Domestic Business.

[CLO1:C1]

(15 marks)

b) Explain **FIVE (5)** differences between International Business and

Domestic Business.

[CLO1:C4]

(6 marks)

c) Describe **THREE (3)** reasons why does company engage to international business.

[CLO1:C2]

23. Why one should NOT stereotype others according to their national cultural norms? [CLO 3: C4]

A. Current measures of culture are grossly inaccurate.

B. Stereotyping is wrong and inappropriate.

C. Many cultures have diverse subcultures.

D. There is no such thing as national cultural differences.

24. _____ is society's ideas about what is good or bad, right or wrong such as the widespread belief that stealing is immoral and unfair

[CLO 3: C4]

A. Laws

B. Values

C. Rules

D. Procedures

25. Which ethical issue became the focus in the news report on Asia factories which Nike used to produce its footwear? [CLO 3: C4]

A. Hiring and terminating practices

B. Wages and working conditions

C. Employee privacy

D. Conflict of interest

QUESTION 3

Attirance produces KFC product

We currently have 4 representatives' offices and 17 franchise stores in various countries including Thailand, Britain, Turkey, and Indonesia, Brunei and Vietnam. We are looking to expand our franchises to more ASEAN country locations.

If you have been inspired by our products we offer to you a wonderful opportunity to become our partner and open a franchise store with the original products of Attirance.

We Offer:

- ❖ Use of our trademark with an established reputation
- ❖ Provision of direct supplies of our products
- ❖ Design of your premises including the supply of furniture, displays and accessories.
- ❖ Advertising support
- ❖ A manual for the management of the franchise store
- ❖ Training of personnel

Experiences in Small Medium Enterprise (SME) are accepted.

For questions (a) to (d) , please refer to the figure above.

- a. Franchising allows an owner to enter the new market in less direct ways. Define Franchising. [CLO3:C1] (5 marks)
- b. Explain FOUR (4) differences between a franchise business and a sole trader. [CLO3:C4] (8 marks)
- c. Discuss THREE (3) advantages of franchising. [CLO3:C3] (9 marks)
- d. State THREE (3) disadvantages of franchising [CLO3:C4] (3 marks)

QUESTION 2

- a) Culture is one of the most challenging elements of the international Marketplace. (2 marks)
- i. Define culture. [CLO3:C1] (8 marks)
- ii. Describe FOUR (4) components of culture. [CLO3:C4] (9 marks)
- b) The economic system enables multinational corporations to identify the strength and weaknesses of a country. Explain THREE (3) types of economic systems. [CLO3:C4]
- c) Firms can be exposed to political risk due to government actions. (4 marks)
- i. Define political risk. [CLO2:C1] (2 marks)
- ii. State TWO (2) types of government actions lead to political risk. [CLO2:C2]