



STAMFORD COLLEGE
SCHOOL OF BUSINESS, MARKETING AND ACCOUNTING
DIPLOMA IN BUSINESS ADMINISTRATION
(SEMESTER 7)

DBA 301: INTERNATIONAL STRATEGIC ANALYSIS

Date : 3 August 2007

Time : 9.30am-12.30pm

Duration: 3 hours

Instructions to Candidates

Answer ALL question in SECTION A, SECTION B and SECTION C.

Please ensure that this examination paper contains TWENTY multiple choice questions, TEN true or false questions and TWO subjective questions on FIVE printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.

Attached is the answer sheet to Section A.

SECTION A : ANSWER ALL QUESTIONS

1. If Samantha Meyer, a citizen of the United States, traveled to Switzerland for her Spring Break ski trip, her expenses in Switzerland would be an example of a:
 - A. merchandise export for the United States.
 - B. service import for Switzerland.
 - C. service export for Switzerland.
 - D. service export for the United States.

2. If Hyundai agreed to provide personnel to manage the operations of Ford Motor company in Korea, this would be an example of a:
 - A. management contract.
 - B. turnkey operation.
 - C. licensing agreement.
 - D. franchising agreement.

3. Which of the following languages is the most spoken in terms of the number of native speakers?
 - A. English.
 - B. Spanish.
 - C. Mandarin.
 - D. Hindi.

4. An egalitarian society such as the United States is more likely to place importance on which of the following affiliations?
 - A. Gender.
 - B. Family.
 - C. Professional affiliations.
 - D. National origin.

5. Contemporary democratic political systems share which of the following traits?
 - A. Freedom of opinion, expression, press, and freedom to organize.
 - B. Unlimited terms for elected officials.
 - C. A political bureaucracy and offensive infrastructure.
 - D. An inaccessibility to the decision-making process.

6. Iran is an example of _____ totalitarianism in which religious leaders are the political leaders.
 - A. secular
 - B. democratic
 - C. theocratic
 - D. communistic

7. The value of production that takes place within a country's borders without regard to whether the production is done by domestic or foreign factors of productions is:
 - A. gross national income.
 - B. gross national product.
 - C. gross foreign product.
 - D. gross domestic product.

8. Between 1980 and 1999, which region experienced the fastest growth in GDP per capita?
 - A. South Asia.
 - B. Middle east and North Africa.
 - C. East Asia and Pacific.
 - D. Eastern Europe and Central Asia.

9. Which trade theory holds that different countries produce some goods more efficiently than other countries; thus, global efficiency can increase through free trade.
 - A. Mercantilism.
 - B. Factor proportions.
 - C. Absolute advantage.
 - D. Country similarity.

10. Criticisms of both absolute and comparative advantage theories of trade include that they:
 - A. assume there is high unemployment and under-utilization of resources.
 - B. assume a country's goals are not limited to economic efficiency.
 - C. over specify how the countries will divide the gains from increased production.
 - D. fail to adequately account for transportation costs.

11. In which type of economic integration do member countries eliminate international tariffs between each other and levy a common external tariff on goods being imported from non-member countries but do not necessarily allow free mobility of production factors among member countries?
 - A. Free trade area.
 - B. Common market.
 - C. Customs union.
 - D. Economic integration.

12. When considering the comparative costs of trade and factor mobility between two countries, the highest costs will occur when there is:
 - A. trade mobility but no factor mobility.
 - B. neither trade nor factor mobility.
 - C. factor mobility but no trade mobility.
 - D. both trade and factor mobility.

13. If Intel were to transfer non-vital resources to partnerships but continued to handle vital resources only within its wholly owned operations in order to block other companies' access to these vital resources this would be an example of which theory?
- Substitution theory.
 - Complementarity theory.
 - Mobility theory.
 - Appropriability theory.
14. _____ is a large exhibition, generally held at the same place and same time periodically, at which companies maintain booths to promote the sale of their products.
- Trade exhibition
 - Trade fair
 - Commerce fair
 - Commerce exhibition
15. _____ are "factories" of new digital information production
- Search engines
 - Portals
 - Cyberoptics
 - Infomediaries
16. Market researchers may encounter technical difficulties such as:
- unavailability of up-to-date street maps.
 - lack of general access to telephones.
 - poor mail service.
 - All of the above.
17. Which of the following statements regarding control mechanisms is accurate?
- Corporate personnel should only visit the subsidiaries when the corporate level is upset about foreign operations.
 - It is relatively easy to compare countries using standard operating ratios.
 - MNEs should not evaluate subsidiary managers separate from their subsidiary's performance.
 - When evaluating management performance it is best to compare actual results to a budget that has been agreed upon by headquarters and subsidiary managers.
18. In a shared ownership situation, a company with a minority equity can maintain control by:
- spreading the remaining ownership among many shareholders.
 - requiring contract stipulations that board decisions require less than a majority.
 - maintaining equity only in voting stock and not allowing nonvoting stock to be issued.
 - allowing the subsidiary to control a key asset that it needs to be successful such as a patent or brand name.

19. Which of the following statements regarding estimating potential demand is accurate?
- A. When income inequality is high, the per capita income figures are usually high.
 - B. Countries with similar per capita incomes usually have the same preferences for produces and services regardless of values and tastes.
 - C. Consumers in emerging markets follow the same demand patterns for technology as those in higher-income countries.
 - D. Emerging economies tend to display a higher elasticity of demand than those in developed countries.
20. Companies that operate according to _____ orientation ask questions such as "What can the company sell in country A?"
- A. production
 - B. customer
 - C. sales
 - D. strategic marketing

(Total = 50 marks)

SECTION B : ANSWER ALL QUESTIONS

State T(True) or F(False) for each of the items below.

1. Many of the world's largest companies, such as IBM and Volkswagen, derive over half their sales from outside their home countries.
(T = TRUE / F = FALSE)
2. In examining culture, it is relatively easy to isolate it from such factors as economic and political conditions.
(T = TRUE / F = FALSE)
3. When MNEs lobby to affect governmental policy, the key is to make sure that the company does not look as if it's trying to influence laws inappropriately.
(T = TRUE / F = FALSE)
4. Gross National Income is the broadest measure of economic activity and is the market value of final goods and services newly produced by foreign and domestically owned factors of production.
(T = TRUE / F = FALSE)
5. Descriptive theories of trade deal with the natural order of trade and examine and explain trade patterns under laissez-faire conditions.
(T = TRUE / F = FALSE)

6. A common market, such as the European Union, has all the elements of a customs union and requires full economic harmonization among its members through the adoption of common economic policies.
(T = TRUE / F = FALSE)

7. Capital, especially short-term capital, is the least internationally mobile production factor.
(T = TRUE / F = FALSE)

8. The international division structure is probably best suited for global strategies.
(T = TRUE / F = FALSE)

9. When foreign legal requirements are less stringent than domestic ones, a company may not be legally compelled to alter its products for foreign sales.
(T = TRUE / F = FALSE)

10. When deciding on the extent and mix of the product line, managers should be aware that broadening the product line allows for concentration of efforts.
(T = TRUE / F = FALSE)

(Total = 10 marks)

SECTION C : ANSWER ALL QUESTIONS

Question 1

- (a). Differentiate merchandise exports, merchandise imports, service exports and service imports.
(8 marks)

- (b). Why have most governments lowered restrictions on international trade?
(9 marks)

Question 2

Gap analysis is a tool to help managers estimate why sales are less than the potential. The gaps identified are usage gap, competitive gap, product-line gap and distribution gap. With the aid of a diagram, explain gap analysis.

(23 marks)

(Total = 40 marks)

-END OF PAPER-