

UNIVERSITI SAINS MALAYSIA

Final Examination  
Semester 1, Academic Session 1996/97

October/November 1996

**AGW607 - INTERNATIONAL BUSINESS MANAGEMENT**

Time: [2 hours]

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**INSTRUCTIONS**

Please make sure that this examination paper consists of **TWO (2)** printed pages before you begin.

Please answer any **FOUR (4)** questions.

- 1a. List the different ways in which the Malaysian automobile industry is protected from international competition?  
[5 marks]
- b. What are the arguments for and against providing such protection for the Malaysian automobile industry?  
[20 marks]
2. Discuss with suitable examples the strengths and weaknesses of any three types of organizational structures that multinational enterprises (MNEs) can adopt in their global operations.  
[25 marks]
3. Assume that the Malaysian government has set up a company, Helang Berhad, to manufacture and sell small aircrafts in this region as well as in the global market. You have been appointed as the corporate planning manager of this firm. The company is in the process of selecting a suitable foreign partner. In particular they are interested in a proposal for a joint venture from a Russian aircraft firm which is well known for its design and R&D capabilities.
  - a. Write a memo to your managing director analysing the political risks involved in the proposed joint-venture.  
[15 marks]
  - b. Briefly discuss other factors that need to be considered in the choice of joint-venture partners for this project.  
[10 marks]

- 4a. State with reason(s) the main factors (or variables) that influence the future value of a currency.  
[12 marks]
- b. In a world of fluctuating exchange rates, MNEs are said to be impacted by economic exposure. How can MNEs manage their economic exposure?  
[13 marks]
- 5a. Assume that you have been appointed as a special assistant to the managing director of PETRONAS, the Malaysian national oil corporation. Petronas has recently invested in an Iranian petroleum project jointly with a French petroleum company. Your managing director wants a memo from you briefing him on the international regulatory and/or legal issues that Petronas may face in going ahead with this venture.  
[12 marks]
- b. Discuss the ethical and social responsibility issues that arise from the following full page advertisement which appeared in the *New Straits Times* (17 September 1996):

**It saves the environment, protects endangered species and fits nicely in your wallet**

How can something as small as a credit card save something as big as the planet? When that credit card automatically donates money to WWF Malaysia every time you use it, that's how. Southern Bank would like to introduce you to their latest Visa—the **EcoCard**, with powers far beyond your average Visa Card.

Of course, the **EcoCard** is welcome at over 12 million establishments worldwide, gives you instant access to cash at ATMs everywhere and the convenience of shopping without cash, just like the Visa cards you know and love. But where the **EcoCard** really shines is out in the jungles and mountains, rivers and beaches of our country, where WWF Malaysia is hard at work protecting and conserving our natural environment.

And every time you use your **EcoCard**, Southern Bank donates a percentage of every transaction to WWF Malaysia to help save the earth. If you sign up for your **EcoCard** before the end of the year, Southern Bank will waive half the annual fee and give the other half to WWF Malaysia. You'll also receive a free **EcoCard** t-shirt, so you can show everyone you care. Saving the earth never felt so good!

Drop by the bank or call the **EcoCard** hotline on **03-7072220** and we'll do our best to get you an **EcoCard** Classic or **EcoCard** Gold so you can start helping WWF Malaysia every time you open your wallet.

**The new environmentally friendly Visa. EcoCard. Southern Bank Berhad**

[13 marks]

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