

UNIVERSITI SAINS MALAYSIA
Master of Business Administration

First Semester Examination

Academic Session 1995/96

October/November 1995

AGW607 - INTERNATIONAL BUSINESS MANAGEMENT

Time: [3 hours]

INSTRUCTIONS: Please make sure that this examination paper consists of TWO (2) printed pages before you begin!

Answer question ONE (1) and FOUR (4) other questions.

1. Malaysia has been the destination for high level of foreign direct investment (FDI) since 1987.
 - (a) Discuss the factors that have contributed to this flow of FDI into Malaysia.
 - (b) What are the advantages and disadvantages of this inflow for Malaysia?
[32 marks]
2. Discuss the main features of the European Monetary System (EMS). Evaluate whether the EMS been a success or failure?
[17 marks]
3. Explain the difference between a free trade area and a customs union. Why do you think ASEAN nations are negotiating for an ASEAN Free Trade Area (AFTA) rather than for an ASEAN Common Market?
[17 marks]
4. Assume that a Saudi Arabian business entity has expressed interest in doing business with you. What preparations would you make (a) in the short term, and (b) in the long term?
[17 marks]

5. On 3 May 1993, Levi Strauss & Co. announced that it was severing its China ties due to concern over the use of prison labour in that country. At the same time companies like Motorola are planning to spend hundreds of millions of dollars in setting up ventures in China. What explains differences in firms' investment behaviour in China?

[17 marks]

6. Champion Microcomputers Inc. (CMI) is a fast-growing US-based personal computer company. CMI has decided to set a plant in the Penang Free Industrial Zone to assemble computers for sales in all of East Asia. Discuss factors influencing the choice of a Malaysian, an American, or a third country national for the position of managing director of CMI's new Malaysian subsidiary.

[17 marks]

7. Discuss the importance of transportation and inventory management in international business. How do they affect the overall success of the international corporation?

[17 marks]

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