



**Multinational  
Management**  
All Candidates/ 2021-22 (1)

## Examination 2021-22 (1)

Department	School of Finance and Management
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**CHECK YOU HAVE THE CORRECT QUESTION PAPER**

Number of Pages	2
Parts of the Exam	3
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Instructions to Candidates	<b>DEADLINE: Sunday 19 December 2021, midnight.</b> <b>TOTAL EXAM POINTS: 100</b> <b>PERCENTAGE OF OVERALL MODULE ASSESMENT: 50%</b>

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## **Multinational Management Final Exam**

### **Part A**

**In this part you should explain 10 TERMS relevant to MULTINATIONAL MANAGEMENT studies (20points, 2\*10).**

#### **1. International Business Ethics**

There are various types of business ethics. Both the nature of the company's business and where the company is located can affect which ethics it emphasizes. The following are some of the more common business ethics.

1. Personal Responsibility
2. Corporate Responsibility
3. Loyalty
4. Respect
5. Trustworthiness
6. Fairness
7. Community and Environmental Responsibility

#### **2. Moral Language**

Moral language involves a particular set of reasons for doing or not doing things. These reasons are such things as minimising human suffering, allocating rewards fairly, and conforming to commonly accepted practice.

#### **3. Competitive Advantage**

Michael Porter defines three strategy types that can attain a competitive advantage. These strategies are

1. cost leadership,
2. differentiation, and
3. market segmentation



#### 4. Value Chain

The term value chain refers to the various business activities and processes involved in creating a product or performing a service. Such as McDonald's.

#### 5. Distinctive Competencies

Distinctive capabilities are those that are unique to your business, those which give you a competitive advantage over the rest of the market. Examples of distinctive competence include rigorous security measures, economies of scale, and lean manufacturing processes.

#### 6. Entry-mode Strategy

Licensing and Franchising. Fast entry, low cost, low risk. Less control, licensee may become a competitor, legal and regulatory environment (IP and contract law) must be sound. Partnering and Strategic Alliance. Shared costs reduce investment needed, reduced risk, seen as local entity.

1.Direct Exporting. Direct exporting involves you directly exporting your goods and products to another overseas market.

2.Licensing and Franchising.

3.Joint Ventures.

4.Strategic Acquisitions.

5.Foreign Direct Investment.

#### 7. International entrepreneurship

International entrepreneurship is “a combination of innovative, proactive and risk-seeking behavior that crosses national borders and is intended to create value in organizations.

In short, the different concepts of entrepreneurship are as follows:

- Risk Bearing Concept.
  - Innovative Concept.
  - Managerial Skill Concept.
- Creative and Leadership Concept.
  - High Achievement Capacity Concept.
  - Professional Concept.
- Organisation and Coordination Concept.
  - Business Oriented Concept.



## 8. Decision-making Control

According to modern concepts, control is a foreseeing action; earlier concepts of control were only used when errors were detected. Control in management includes setting standards, measuring actual performance and taking corrective action in decision making.

Step 1: Identify the decision that needs to be made.

Step 2: Gather relevant information.

Step 3: Identify alternative solutions.

Step 4: Weigh the evidence.

Step 5: Choose among the alternatives.

Step 6: Take action.

Step 7: Review your decision and its impact (both good and bad)

## 9. Knowledge Management

Knowledge management (KM) is the interdisciplinary process of creating, using, sharing, and maintaining an organization's information and knowledge.

A knowledge management process is the way in which a business manages knowledge, including its capture, storage, organization, verification, security, distribution, and use.

## 10. International Joint Venture(IJV)

This International Joint Venture Contract governs the relationship between two companies located in different countries, and which set up a third company (the Joint Venture). The contract establishes all the agreements needed to start up and manage the Joint Venture. Another famous example of joint venture formation is the agreement between Kellogg and Wilmar International Limited.

## **Part B**

Answer the following 5 questions (30 points, 6\*5) :

11. Identify two or three small business barriers to internationalization and explain how you would go about overcoming these barriers.



### Breaking the Barriers to Starting a Business

The No Money Barrier. Having enough money to start a business is one of the biggest reasons many entrepreneurs give up their dreams of business ownership. ...

No Time to Start a Business.

No Health Benefits Nightmare.

No Family Support.

No Confidence in Your Abilities.

### Ways for Successful Entrepreneurs Overcome Difficult Obstacles

Build your network.

- 1.Be respectful toward others.
- 2.Look at the world through the eyes of other people.
- 3.Buck the trends.
- 4.Leverage the technology at hand.
- 5.Emphasize teamwork over individualism.
- 6.Most success is about simply showing up.

12. What are the advantages of a worldwide product structure over a worldwide area structure? And what type of company would most likely choose each type?

A worldwide product structure is an organization structure which gives the products division the responsibility in producing and selling their products throughout the world. Worldwide area structure represents a geographical unit representing the regions of the world.

The advantages of a worldwide product structure over the worldwide area structure are as follows:

1. The worldwide product structure is an ideal structure for implementing international strategies whereas the worldwide area structure is to implement regional strategies.
2. Using the worldwide product structure by the companies gives economies of scale by selling more products worldwide with more upstream activities than at home.
3. The worldwide product structure provides an organized and centralized way of production and sales of similar products in the international market, whereas worldwide area structure provides for customization of products or services according to the needs of the local or regional markets.
4. The worldwide product structure sacrifices the regional adaptation strengths which is derived from the areas structure to gain the economies of scale in product manufacturing and development.
5. A worldwide product structure is more cost effective than the worldwide area structure where it sells more customized product to cater to the needs of the local market.



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A manufacturing company is most likely to choose worldwide product structure while a logistics company will choose worldwide area structure.

13. What are the characteristics of a good partner in a strategic alliance? How do these partner traits help make an alliance successful?

Following are the characteristics of a good partner in an alliance:

1. Complementary missions-Understanding each other's goals and objectives to business is important, as these can already judge if the commitment can be strong. This analysis should be done for both short term and long-term strategies.

Although the goals may need not be exactly the same, they must be aligned to each other, so they can be achieved simultaneously

2. Similar qualities-Monetary contribution is not the only thing that partners must provide. They should also put in manpower, assets and technical resources for each other's benefit.

To avoid competing against each other, the products offered must be of a familiar line, but not the exact copies of different brands. Otherwise, there will be clashes between managers.

3. Dependable nature-Companies must be reliable to each other for a good relationship. This creates a healthy environment of sharing of resources, equally from both partners. The balance is to be maintained with the help of specific clauses in the agreement, such as alimony or other fee to be paid in case of discrepancy.

4. No anchoring or elephant-and-ant typos-Sometimes partners deliberately withhold the growth of the other, by not providing their share of finance or resources in time. These are called anchor partners, and they may drain their alliance of appropriate investments.

Another faulty partnership kind is the elephant-and-ant complex, where both businesses vary greatly in capacity. This will lead to domination, unwanted delays, glitches in processes and disputes, whether professional or cultural.

5. Operational and cultural differences-It is important to understand how each company's tasks are done on a daily basis, what the firms' HR, finance and management policies are. Even if both companies' employees speak the same language, it is very likely that they are of various cultures and nationalities. So, there must be a respect for the organizational culture of one's partner.

14. Identify the steps in the negotiating process and which step do you think is the most important? Why?

## Stage 1 – Statement of Intent

The Process begins when a First Nation submits a Statement of Intent with the BC Treaty Commission. To be accepted, the Statement of Intent must identify for treaty purposes the First Nation's governing body, the people it represents and show that it has a mandate from those people to enter the process. The statement must also identify the First Nation's traditional territory in BC and identify any overlaps with other First Nations.

## Stage 2 – Preparation for Negotiations



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Within 45 days of the Statement of Intent, the First Nation, Canada and BC conduct their initial meeting to exchange information, consider the criteria that will determine the parties' readiness to negotiate, and identify issues of concern. When the BC Treaty Commission has determined that all three parties meet the readiness criteria, it will confirm that the treaty table is ready to move to Stage 3.

## Stage 3 – Negotiation of a Framework Agreement

The parties negotiate the framework agreement which identifies the content for negotiations and establishes procedures and a time table for negotiations. It is essentially a “table of contents” for the negotiation of a comprehensive treaty. At this stage the parties are also expected to embark on a program of public information and education which is pertinent to their table. This public information program is to continue throughout the negotiations process.

## Stage 4 – Negotiation of an Agreement in Principle (AIP)

This stage marks the beginning of substantive negotiations. During Stage 4 the parties examine in detail the elements of the framework agreement. The Agreement in Principle will identify and define a range of rights and obligations, including existing and future interests in land, sea and resources, structures and authorities of government, regulatory processes, amending processes, dispute resolution, and fiscal arrangements. The AIP will also outline the ratification process and implementation plan for the treaty.

## Stage 5 – Negotiation to Finalize a Treaty

The Treaty will formalize the new relationship among the parties and embody the agreements reached in the AIP. Any technical and legal issues still present will be examined and resolved by the parties. The treaty will be signed and formally ratified at the conclusion of this stage.

## Stage 6 – Implementation of a Treaty

Plans to implement the treaty are carried out. All aspects of the treaty will be realized and with continuing goodwill, commitment and effort by all parties, the new relationship will be brought to maturity.

15. From the perspective of the subordinates, discuss why culturally inappropriate leadership behaviours might be demotivating.

Leadership works differently on the basis of the nation or the organizational context. One can not assume that the style of leadership that worked fine for one context would give equally successful results in another context or the nation. That is one solution fits all is not true when it comes to leadership.

When leaders do not adapt themselves to local norms and conditions, they will not work well in their cultural settings. A common reason for many managers to fail in international assignments is their inability to adapt to the new cultural environment and modify their behavior accordingly. Thus, their strategies don't suit the customer's requirements.

They also prove to be counter-productive when they don't have tolerance for uncertainty. In such situations, implementation of strategy fails eventually due to lack of control. Without adequate cross-



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cultural training and awareness, many successful managers continue to apply the native country leadership behavior in the new environment. In such a situation, leadership would prove to be counter-productive

### Part C

**16. In this part, please select an agricultural or industrial product produced in your region of the country and specify how you will take it international. (50 points)**

One of the agricultural product that my region is rich in are Spices. My regional grows a variety of spices that are in demand both inside as well as outside the country. The spice farming is one of the major agricultural activity and spices are the primary crops of my region. Spices are the main ingredient in all kinds of food and are used for the purpose of flavor, color or preservation. They are present in almost every cultural cuisine and hence have stable demand throughout the year.

In order to take benefit of spice farming and introduce my regional spices to domestic and international markets, I can establish a start up which undertakes intensive processing of various spices and package them to be sold in international markets. I will take my regional spices to foreign markets by building a popular brand which defines the spices as organic, fresh from farm and natural to differentiate my products from the existing competitors products in the market. The business will be taken by means of exporting in initial years and after gaining a stable position in foreign markets to retain its origin and identity. The spices will be promoted extensively through using omni channel marketing activities such as social media marketing, online selling etc. The products will be put in their original form in packages so that they look authentic and undergone least processing.

END OF PAPER