

Exam

Global Strategic Management

18th June 2012

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Answer all questions. Helping tools are neither required nor allowed.

Processing time: **120 minutes** (= 120 points)

Question 1: Multiple Choice (40 points)

Question 1 consists of 20 multiple choice questions. Please tick “correct” for every correct statement and “incorrect” for every incorrect statement. For each right mark 2 points are given, for each wrong mark 1 point is subtracted and for each unmarked question 0 points are given.

An overall negative result will not be transferred to the other questions of the exam, thus the minimal amount of points achievable in this question is 0.

Please mark your answers clearly. Unreadable or inconclusive marks are not taken into account.

Statement	Answer
1. A large low income population is a market selection criterion of the luxury fashion label Prada.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
2. A key driver to locate production in China is to have access to the local market.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
3. When a company enters countries adjacent to an already established country market it applies the bridge head strategy.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
4. The availability of important natural resources is a key selection criterion of the strategic asset seeking motive of internationalisation.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
5. Overall low costs make China an attractive country considering the efficiency seeking motive of internationalisation.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
6. The availability of related and supporting industries was a key aspect in Nokia’s decision to locate its R&D in Silicon Valley.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
7. The four types of organisations in the role typology by Anderson/Forsgen are Internal, Forward Vertical, Backward Vertical and Mutually Integrated.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
8. There is a low dependence between headquarter and subsidiaries in international organisations.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
9. In centralised hubs foreign subsidiaries are treated as independent national businesses.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
10. In integrated networks resources and capabilities are distributed and specialised in different subsidiaries.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect

Statement	Answer
11. Lower labour costs and lower tax charges are frequent motives for German companies to shift their production abroad.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
12. The value chain architecture of a producer is characterised by also managing the entire value chain of its supplier.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
13. Adidas is a typical example for the value chain architecture of a coordinator.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
14. Quality issues are one of the main motives for German companies to relocate their production activities back to Germany.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
15. Franchising constitutes a foreign operation mode where value is added dominantly in the host country.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
16. Management Contracting is a foreign operation mode with FDI in the host country.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
17. Four typical types of licences are product licences, process licences, brand licences and distribution licences.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
18. Master Franchising is an indirect foreign franchising strategy with capital transfer.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
19. Independent marketing activities are an advantage of wholly-owned subsidiaries.	<input type="checkbox"/> correct <input type="checkbox"/> incorrect
20. Scale economies are a key benefit of Y-alliances	<input type="checkbox"/> correct <input type="checkbox"/> incorrect

Question 2: Global Integration vs. Local Responsiveness (20 points)

- Explain the difference between global integration and local responsiveness. (4 points)
- Describe the most important forces for global integration as well as the most important forces for local responsiveness. (6 points)
- Graphically illustrate and thoroughly explain the Integration/Responsiveness-Framework. (10 points)

Question 3: Internationalisation of Production (20 points)

Name inherent problems with shifting production abroad. Find an industry and explain these problems in detail.

Question 4: Export (20 points)

- Explain the structures of indirect as well as direct export using a graph. (12 points)
- Name two advantages and two disadvantages of export as a foreign operation mode. (8 points)

Question 5: Strategic Alliances (20 points)

- Explain the basic target of strategic alliances. (5 points)
- Name five criteria to systematise strategic alliances along with their subcategories. (10 points)
- Name benefits and costs of X-alliances. (5 points)