

# Final exam for international business

Business, Company



Prof. Eko Ganis Sukoharsono, SE, MCom-Hons, CSRS, Ph. D: International Business, PAGE 1 International Undergraduate Program Faculty of Economics and Business, the University of Brawijaya The Department of Accounting Course Exam Date Lecturer Exam Exam Status : International Business : January 2012 : Prof. Eko Ganis Sukoharsono, SE, MCom-Hons, CSRS, Ph. D : Final Exam : Take Home (Submit your answer as exam scheduled) Why Study International Business? International business affects the activities of every consumer, every worker, company, and government all over the world, whether they are in Cyprus, Iceland, the United States, Australia, Brazil, Nepal, Nigeria, Russia or Indonesia. Falling trade barriers, increasing competition, and converging consumer tastes are creating global markets for many different products and services. Consumers throughout the world enjoy greater product selection at better prices than ever before. Workers often find themselves competing for jobs against workers in another country thousands of miles away. Companies directly involved in international production or marketing confront cultures, political systems, and economic systems that can differ greatly from their own. Local, regional, and national governments work to attract jobs by offering incentives for companies to locate in specific places. Each of us experiences the result of dozens of international business transactions every day. You wear a Gap T-shirt made in Egypt; you drive your Japanese Toyota that was assembled in Indonesia, with parts manufactured in 120 different countries; you wear Nike shoes assembled in China, with parts coming from many different countries; you drink your coffee at the local café in your hometown in Nicosia, Cyprus, with coffee beans harvested in Brazil or Kenya, etc. You don't even have to set

foot out of your own hometown to be affected by international business. Through e-commerce you can make an international business transaction, for example, purchase a Sony CD player from Tokyo, Japan, by using your credit card, while you are in Moscow, Russia. As students of international business, you are consumers, one day you might be working for a company that could be involved directly or indirectly in international business and you will definitely be somewhere, whether it is your own country or another country. You definitely know someone who comes from another country, or you know someone who knows someone from another country, and so on and so forth. By studying international business you will become a more intelligent consumer, a more selective applicant/ candidate for a job, a more open-minded and knowledgeable •student• of the world around you, and more sensitive toward other cultures. Some international business trends will continue in the future. One is the pressure on international management to keep pace with the increasing amount of international business and the intensifying competition in the world, both from large trading blocs and from the new developed economies (NDEs). Companies around the world are making serious commitments to Prof. Eko Ganis Sukoharsono, SE, MCom-Hons, CSRS, Ph. D: International Business, PAGE 2 meet that competition with considerable international investment. Another future trend will be the increasingly complex nature of the overall business environment. In a more interdependent world, rapid and unpredictable changes in political, economic, technological, regulatory, and financial variables will provide constant pressures to adapt to compete. To benefit from future opportunities, astute managers will maintain a global orientation;

i. e., they will view the world as one giant market where cooperation and interdependence, not conflict and independence, are prerequisites for survival. To deal with globalization more effectively, international business people will have to increasingly organize their MNCs in such a way as to see the world as one market, operate as stateless corporations, and cross boundaries to secure functions or resources in the most efficient way. Such corporations produce truly multinational products. For example, a sports car is financed in Japan, designed in Italy, and assembled in the United States, Mexico, and France, using advanced electronic components invented in the United States and fabricated in Japan. The term headquarters is becoming immaterial; headquarters now cross boundaries whenever expedient, either to sites where operations dictate or to rootless and scattered but integrated networks of information. The latter form of organization—described as delayed, downsized, and operating through a network of market-sensitive business units—will have a great impact on the structure of international business. International business people/managers play a powerful role in determining the relative competitiveness of various countries in the global arena. Managers' skills and biases, based on their administrative heritage, will subtly influence strategies and resource allocation. They will be faced with more cultures to understand, more social responsibilities to master, more time pressures to juggle, and more relationships to rethink. Since we are operating in this global village, more and more international business opportunities will be made available to us; thus we need to be well prepared to face these challenges and take advantage of them. For all the aforementioned reasons,

studying international business becomes a must, more now than ever before.

**IMPORTANT NOTES:** Based on your city/ country choice (the previous assignment), you **MUST** answer the below questions with your city/ country choice.

1. What is the nature of today's global business environment of your city/ county choice? How does this environment facilitate international business activities? Provide examples.
2. How do the legal—political, economic, and cultural environmental differences within a country affect a firm's international business transactions? Provide examples.
3. What is international business in your mind? How does the management of an international business differ from that of a domestic one (your city/ country choice)? Provide examples with specific firms and countries in mind.
4. Provide the reasons as to why your city/ country choice go international. What additional factors contribute to the increased international business activities in the recent years?

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5. Who are the participants in the international business?
6. Why do small businesses of your city/ country choice become increasingly active in international trade and investment? Provide examples.
7. How do multinational corporations—MNCs— of your city/ country choice get involved in international business? How do they differ from small businesses?
8. Define globalization. What are the pros and cons of globalization? Provide examples based on your city/ country choice.
9. What is the globalization of markets? Of production? Provide examples your city/ country choice.
10. Why do we study international business based on your own opinions? Why has studying it become more important today than ever before?