

**International Management I (WS 2002/3) – Midterm Exam****Midterm Exam**

You have 1 hour to answer the questions. You can reach a maximum of 20 points. Before you start, read and remember the following hints:

1. Use the theoretical tools and terminology you have learned in class and from the readings.
2. Make sure there is a clear structure in your argument. (Use some time to sort your ideas before you start writing the version you want to submit, esp. if you answer B).
3. Use the time you have! If you are ready much earlier than we planned you should wonder if you forgot something.
4. Remember: people have to be able to decipher what you write.
5. Leave a margin for our comments, so we can give you a more detailed feed-back than just the number of points.
6. You are welcome to use a dictionary.

Here is the set of problems:

Please solve **either** problem(s) A **or** B:  
(if you answer both parts, only part A will be graded)

**Alternative A:** Please, answer **four** of the following five questions (if you answer more questions, only the first four of them will be graded)

1. How can you distinguish between global, international and national competition? Which factors trigger globalization? (5 points)
2. Name and explain the different elements of institutional frameworks in international business activities. Illustrate each institutional framework element with a fictive or real example! (5 points).
3. “Lobbying means paying bribemoney” [translated from: <http://www.tadema.de/archiv/as50.html>]. Explain the function and content of lobbying and assess the statement above on this basis! (5 points)
4. The *Walter’s Sauerkraut* corporation would like to do business in Indonesia and is therefore looking for a suitable local business partner in Indonesia. Which contractual risk would they have to consider when searching for a local business partner? What’s the basic reason for this kind of contractual risk? Why is this risk becoming even more prevalent in international business in comparison to national business activities? What are possible solutions to this risk from the perspective of the *Walter’s Sauerkraut* corporation and from the perspective of a potential local business partner? (5 points)
5. Explain coordination and motivation deficits on the corporate level. Give real or fictive examples to clarify the problems. Use a graph to illustrate your explanations. (5 points)

**Alternative B:** Please read the following text carefully and answer the questions below.

George Burgess was a chief engineer from a machinery manufacturer based in St. Louis. His company had recently signed a contract with one of its largest customers in Japan to upgrade the equipment and retrain mechanics to maintain the equipment more effectively. As part of the contract, the Japanese company sent all ten of their mechanics to St. Louis for a three-month retraining course under George’s supervision. Although George had never lived or worked abroad, he was looking forward to the challenge of working with the group of Japanese mechanics, for he had been told that they were all fluent in English and tireless workers. The first several weeks of the training went along quite smoothly, but soon George became increasingly annoyed with the constant demands they were making on his personal time. They would seek him out for additional information after the regularly scheduled sessions were over. They sought his advice on how to occupy their leisure time. Several even asked him to help settle a disagreement that developed between them. George told his Japanese trainees that he preferred not to mix business with pleasure. Within a matter of days the group requested another instructor. [Kohls, L. R./Knight, J. M. (1994): *Developing Intercultural Awareness*, 2<sup>nd</sup> ed. (Intercultural Press), p. 98.]

Explain this situation on the basis of “framework effects”. What would you tell George about why exactly the problems arose? What could George have done to prepare himself appropriately for the course with the Japanese mechanics? What would you propose to the American company to avoid such problems in the future? Structure your ideas according to a suitable scheme.

**Good Luck!!!**