



(1585) INTERNATIONAL MANAGEMENT I (WT 2003/2004)
– FINAL EXAM –

Final Exam

You will have one hour to solve problems worth 60 points. There are a few pieces of general advice we can offer at this stage:

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.

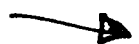
You can use a dictionary!

Here is the set of problems:

Please solve *either* problem(s) A or B (maximum 60 points):

A) Answer *three* of the following four questions (max. 20 points each):

1. Explain PORTER's "diamond" of national competitive advantage and discuss the model's implications for governmental and corporate policies. Why is the model useful for International Management? (20 points)
2. Describe contract enforcing mechanisms (internal as well as external) which managers can use in international business transactions. What is the difference in comparison to "national" enforcing mechanisms? (20 points)
3. Describe the resource-based view with special focus on resource characteristics that qualify them as key resources. What can managers learn from this approach with respect to the creation of sustainable competitive advantages in international business? (20 points)
4. Which problems are the INCOTERMS supposed to solve? How do they do so? Explain two examples!



B) Solve the following problem (max. 60 points):

Read the following text carefully.

INTERNATIONAL
Herald Tribune
THE IHT ONLINE

David Plumb Bloomberg News, Thursday, January 16, 2003

Aon enters China's insurance market

SHANGHAI Aon Corp. said Thursday that it had become the first international insurance broker to get a license to sell policies in China, gaining access to a market that is booming as the government pares a cradle-to-grave welfare system. Aon, based in Chicago, expects to start offering insurance in mainland China by mid-year after regulators approved a Shanghai-based venture with China National Cereals, Oils Foodstuffs Import Export Corp., a state-owned company. "We've invested a lot of money in the Pacific Rim and we view China as the cornerstone of the market," Aon's chairman and chief executive, Patrick Ryan, said. China "has the potential to sustain explosive growth." Insurers and other financial-services companies are jockeying for business in China as the country delivers on pledges to the World Trade Organization to open its economy. Premium income in China grew 47 percent in the first 11 months of 2002 as more companies bought medical and other kinds of insurance to replace shrinking state welfare benefits.

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What kind of risks might occur with respect to the business relation mentioned in the text from Aon's perspective? What kind of instruments could Aon Corp. use to minimize those risks? Explain theoretical concepts and use them to analyse the case described in the article.

Good Luck!!