

4.7: End-of-Chapter Questions and Exercises

These exercises are designed to ensure that the knowledge you gain from this book about international business meets the learning standards set out by the international Association to Advance Collegiate Schools of Business (AACSB International). Association to Advance Collegiate Schools of Business website, accessed January 26, 2010, <http://www.aacsb.edu>. AACSB is the premier accrediting agency of collegiate business schools and accounting programs worldwide. It expects that you will gain knowledge in the areas of communication, ethical reasoning, analytical skills, use of information technology, multiculturalism and diversity, and reflective thinking.

EXPERIENTIAL EXERCISES

(AACSB: Communication, Use of Information Technology, Analytical Skills)

1. Define the differences between the classical, country-based trade theories and the modern, firm-based trade theories. If you were a manager for a large manufacturing company charged with developing your firm's global strategy, how would you use these theories in your analysis? Which theories seem most appealing to you and which don't seem to apply?
2. Pick a country as a potential new market for your firm's operations. Using what you have learned in this chapter and from online resources (e.g., www.cia.gov/library/publications/the-world-factbook/index.html and <http://globaledge.msu.edu/>), Central Intelligence Agency, *World Factbook*, Central Intelligence Agency website, accessed February 16, 2011, www.cia.gov/library/publications/the-world-factbook/index.html; globalEDGE website, International Business Center, Michigan State University, accessed February 16, 2011, <http://globaledge.msu.edu>, assess the local political, economic, and legal factors of the country. Would you recommend to your senior management that your firm establish operations and invest in this country? Which factors do you think are most important in this decision?

Ethical Dilemmas

(AACSB: Ethical Reasoning, Multiculturalism, Reflective Thinking, Analytical Skills)

1. Imagine that you are working for a US business that is evaluating whether it should move its manufacturing to India or China. You have been asked to present the pros and cons of this investment. Based on what you have learned in this chapter, what political, legal, economic, social, and business factors would you need to assess for each country? Use the Internet for country-specific research. globalEDGE website, International Business Center, Michigan State University, accessed February 16, 2011, <http://globaledge.msu.edu>.
2. Imagine that you work for a large, global company that builds power plants for electricity. This industry has a long-term perspective and requires stable, reliable countries in order to make FDIs. You are assigned to evaluate which of the following would be better for a long-term investment: South Africa, Nigeria, Algeria, or Kenya. Recall what you've learned in this chapter about political and legal factors and political ideologies—as well as earlier discussions about global business ethics and bribery. Then, using online resources to support your opinion, provide your recommendations to senior management.

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