

# Examen International Business Strategy

## **Part I: Multiple choice (no guess correction) (15p)**

**There is only one correct answer. You have to explain each time why you chose that option (and not by eliminating the rest!)**

Question 1. You are the CEO of a welding company and you want to internationalize to the Vietnamese market. There are big risks involved in internationalizing to this market.

However, you have no experience on this market at all. The competitive advantage of your product is the low cost and hence low price. Which entry strategy do you choose?

- a. Wholly owned subsidiary
- b. Licensing
- c. Joint venture
- d. ...

Question 2. Make or buy decision. Philips is developing a new type of product, it would be a big innovation but needs a rather big initial investment cost. On the other hand, Philips is not doing very good when it comes to customer service, this is not something that really makes the competitive advantage for their firm, but nevertheless needs an upgrade.

- a. Make product and make customer service
- b. Make product and buy customer service
- c. Buy product and buy customer service
- d. Buy product and make customer service

Question 3.

Question 4.

Question 5.

## **Part II: Open questions (25p)**

Question 1. You got a description of Lincoln Electric and its very specific incentive systems. Beneath the case description, you got a graph of Hofstede's five dimensions, with a comparison of the five factors between US and Peru. You had to address these five factors and discuss the influence it would have on implementing the incentive strategy in Peru (compared with the US).

Question 2. Ghemawat developed a framework to analyze the possibility to create value in a new market. Explain this framework and also explain how the product life cycle theory has an influence on the factors of this framework.

## **Part III: Case (35p)**

The case was about a joint venture between Volkswagen and Ford in the South-American automotive sector. It explained how they decided to enter into a joint venture together and also explained the demise of the joint venture and the aftermath.

- Question 1: explain the objectives of Ford of entering into a joint venture, compare them with those of Volkswagen and analyze the compatibility.
- Question 2: what type of collaborative venture is this and explain the advantages and disadvantages
- Question 3: what type of internationalization strategy did Ford use after the demise of the joint venture and explain the advantages and disadvantages