

# **Sample exam**

**containing exam questions of previous years**

1. The following list provides factors for defining distances between countries/nations
  - a. Climate differences
  - b. Beliefs
  - c. Rich/poor differences
  - d. Language
  - e. Government policies
  - f. Low per capita income
  - g. Technological Advancements
  - h. Membership of trade agreements
  - i. Insularity

How many of them do you assign to administrative distance?

  - a) 1
  - b) 2
  - c) 3
  - d) 4
  - e) 5
  - f) none of these answers are right

2. Please read the following statements about the stakeholder model. Which of them is **not** true?
  - a) CEOs manage the relationship between the firm and its stakeholders based on corporate governance
  - b) A company can be defined as a coalition of stakeholders
  - c) The stakeholder groups of employees, customers, and suppliers can be summarized as sources of supply
  - d) The management of a company has various tasks, one of them is to coordinate the internal relationships with its different stakeholder groups
  - e) Important subgroups of the stakeholder group of customers are private and business customers
  - f) Different stakeholders may have different interests – It is the task of management to balance these differing interests

3. As an analyst at Deutsche Bank you have to assess the performance of the Sordon AG, a medium-sized producer in the pharmaceutical industry and whether the company was successful in 2010 to 2014. Its largest competitor is the Pharmas AG. The following information is given to you:

		2010	2011	2012	2013	2014
Sordon AG	Return on assets	8%	6%	10%	12%	13%
	Revenues (m€)	28	26	30	45	63
Pharmas AG	Return on assets	6%	3%	7%	8%	10%
	Revenues (m€)	10	8	12	16	21

*(continued on next page)*

Which of the following statements is **not** true?

- a) When evaluating Sordon AG's success, it is important to know what the companies beforehand defined objectives were.
- b) Compared to its own past performance in 2010, Sordon AG was successful in 2014.
- c) When comparing Sordon AG's performance to the past performance of its peer, Sordon AG was successful in each year of the investigated period of time.
- d) According to the aspiration level theory Pharmas AG was not successful in 2014 with regard to all dimensions of the theory.
- e) Other factors, for example unexpected events like the financial crisis, might influence (or moderate) the comparison and whether a company is successful or not.
- f) The concept of success is subjective and relative. An important question in this regard is "Compared to what?"

4. Please read the following theoretical explanations for temporary outperformance:

- (A) The market-based view sees influencing of market structure and attractiveness of markets as main drivers of success
- (B) The resource-based view sees valuable, inimitable, non-transferable resources as main drivers of success
- (C) The basis of the market-based view is the structure-conduct performance paradigm
- (D) Among others market imperfection includes information asymmetry, specific resources and opportunistic behavior
- (E) The basis of the resource-based view is the resource-conduct performance paradigm
- (F) Only the market-based view has market imperfection as its central assumption

Which of the following statements is true?

- a) Theoretical explanation A, C and D are true, but B is wrong
  - b) Theoretical explanation C, D and E are true, but explanation F is wrong
  - c) Theoretical explanation A, B and F are true, but C is wrong
  - d) Theoretical explanation D, E and F are true, but explanation A is wrong
  - e) Theoretical explanation C, E and F are true, but explanation D is wrong
  - f) Theoretical explanation A, B and E are true, but explanation C is wrong
5. Henri Miller was recently appointed CEO of the car manufacturer Teklas. The last press conference in February 2017 was his first one to present the figures of the ended fiscal year. In detail, Miller said "Within the next fiscal year we want to increase our sales by 7% to 220 bn." How would you characterize the objective of Miller?
- a) Maximizing, unconcrete, short-term, financial
  - b) Satisfying, concrete, long-term, financial
  - c) Satisfying, concrete, short-term, financial
  - d) Maximizing, concrete, long-term, financial
  - e) Maximizing, concrete, short-term, financial
  - f) Maximizing, concrete, short-term, non-financial

6. Products or services can be classified into search, experience, or trust goods. Which of the following statements is **not** true?
- a) If a customer can judge the value of a product at least partially before purchasing it – for example when purchasing shoes - it is an example for a product with search qualities.
  - b) An example for products or services with trust qualities is a university degree because customers cannot evaluate their value fully even after consuming them.
  - c) Going from (1) products or services with search qualities to (2) products or services with experience qualities to (3) products or services with trust qualities, subjectivity in judging their value tends to increase.
  - d) Going to a masseur is an example for a service with experience qualities. You can only ascertain the value of a product or service with experience qualities when you consume them.
  - e) A mobile phone is a product with search qualities. Products or services with search qualities have features and characteristics that can easily be evaluated before purchasing them.
  - f) For trust goods, the customer can only evaluate the product or service after the purchase to their full potential. An example for a trust good is a bike repair.
7. The Financial Value (FV) can be calculated by:
- a)  $FV = \sum_{t=0}^{\infty} \frac{FCF_t}{(1-WACC)}$
  - b)  $FV = \sum_{t=0}^{\infty} \frac{FCF_t}{(1-WACC)^{(t-1)}}$
  - c)  $FV = \sum_{t=0}^{\infty} \frac{FCF_{(t-1)}}{(1+WACC)^t}$
  - d)  $FV = \sum_{t=0}^{\infty} \frac{FCF_t}{(1+WACC)^{(t-1)}}$
  - e)  $FV = \sum_{t=0}^{\infty} \frac{FCF_{(t+1)}}{(1-WACC)^t}$
  - f)  $FV = \sum_{t=0}^{\infty} \frac{FCF_t}{(1+WACC)^t}$
8. Imagine you are a consultant at Deutsche Bank. From your International Management class at TUM you know that bankruptcy occurs when a firm is illiquid or over-indebted. Please read the following statements about bankruptcy:
- (A) Bankruptcy due to over-indebtedness occurs when the total equity is negative
  - (B) Bankruptcy due to over-indebtedness refers to the capital side of the balance sheet
  - (C) Liquidity refers to the ability to pay bills
  - (D) Cash determines the space of managerial discretion
  - (E) A company can go bankrupt due to cash flow problems resulting from inadequate sales but not due to exceeding operating expenses. In order to solve these cash flow problems, the company can increase its short-term loan.
  - (F) Bankruptcy due to illiquidity is based in the asset structure
- Which of the following statements is true?
- a) Statement A, B and C are true, but statement F is wrong
  - b) Statement C, D and F are true, but statement B is wrong
  - c) Statement B, C and D are true, but statement E is wrong
  - d) Statement A, E and F are true, but statement B is wrong
  - e) Statement B, D and F are true, but statement A is wrong
  - f) Statement C, E and F are true, but statement B is wrong

9. Stakeholder value can be calculated by:

- a)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_j - C_{jt}) * (1 - r_j)^{-t}$
- b)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_{jt} + C_{jt}) * (1 + r_j)^{-t}$
- c)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_{jt} - C_{jt}) * (1 + r_j)^{-t}$
- d)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_{jt} + C_j) * (1 - r_j)^{-t}$
- e)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_j - C_{jt}) * (1 + r_j)^{-t}$
- f)  $STV = \sum_{j=1}^N \sum_{t=0}^{\infty} (B_{jt} - C_j) * (1 + r_j)^{-t}$

10. The following items are extracted from a balance sheet for the year ended Dec. 31, 2016:

Share capital	10 m€
Cash	7 m€
Net income for period	3 m€
Pension reserve	14 m€
Liabilities	35 m€
Capital reserves	1 m€
Retained earnings	12 m€
Loss carried forward	0 m€
Accounts receivable	20 m€

The owner's equity is...

- a) 24 m€
- b) 26 m€
- c) 29 m€
- d) 32 m€
- e) 27 m€
- f) 34m€

11. Regarding their generic competitive strategies, five companies follow the same strategic approach. Which of the following companies does **not** fit?

- a) Ikea
- b) Walmart
- c) BMW
- d) Easyjet
- e) Ryanair
- f) Primark

12. Please read the following comments on competitive strategies and competitive advantage:
- (A) A substantial resource base is a possible antecedent of a competitive advantage
  - (B) Companies wish to gain a sustainable competitive advantage
  - (C) In theory, the price leadership strategy assumes similar value and aims at providing better prices for its products or services (compared to competitors)
  - (D) Differentiation occurs in the interaction between companies and customers
  - (E) In theory, the differentiation strategy aims at providing unique products or services that are valued higher by the customers (compared to competitors) as well as lower prices than competitors
  - (F) A desirable market position is a possible antecedent of a competitive advantage

Considering the information above, which one of the following statements is true?

- a) Comments A, B and D are true, but comment F is wrong
  - b) Comments B, C and D are true, but comment A is wrong
  - c) Comments D, E and F are true, but comment B is wrong
  - d) Comments C, D and F are true, but comment E is wrong
  - e) Comments A, E and F are true, but comment B is wrong
  - f) Comments D, C and E are true, but comment F is wrong
13. Firms change over time. Triggers influencing this change can be categorized along different dimensions. Choose the answer that is comprehensively listing all of the elements that are changing a firm.
- a) Anticipated and unanticipated events and behavior in the external environment
  - b) Intended and unintended behavior within the firm
  - c) Managerial process
  - d) Elements listed in answers a and b
  - e) Elements listed in answers b and c
  - f) Elements listed in answers a, b, and c

14. Please read the following factors:
- A) Own past performance
  - B) Actual performance of others
  - C) Own objectives
  - D) Past performance of others
  - E) Expected future performance of others
  - F) Past performance of the mean value of the group
  - G) Other factors
- Which of the following factors are antecedents of company's objectives?
- a) A, B, G
  - b) A, C, G
  - c) A, D, E
  - d) A, D, G
  - e) A, F, G
  - f) A, E, G

15. Which of the following perspectives/definitions/characteristics about the stakeholder approach and the shareholder approach is true?
- a) According to the stakeholder approach, the definition of success is maximization of discounted future cash-flows of owners
  - b) According to the stakeholder approach operationalization is possible, as orientation on market and resource efficiency
  - c) In the stakeholder approach, the shareholder interests are not considered
  - d) According to the stakeholder approach, operationalization is possible; the stakeholder approach is a pluralistic approach
  - e) According to the stakeholder approach operationalization is not possible, as an interpersonal benefit-cost-comparison would be necessary
  - f) According to the shareholder approach operationalization is sometimes possible, depending on interpersonal benefit-cost-comparison and market efficiency
16. Please read the following sentences about the executives' mandate to manage:
- (A) The mandate to manage is not issued to members of the supervisory board
  - (B) The mandate to manage is issued to the executive
  - (C) The mandate to manage includes ownership rights
  - (D) The mandate to manage is temporary in nature
  - (E) The mandate to manage has to be differentiated from the mandate to supervise
  - (F) The mandate to manage can be taken away from the executive
- Considering the information above, which of the following statements is true?
- a) Statements A, B and D are true but statement F is wrong
  - b) Statements A, B and D are true but statement C is wrong
  - c) Statements B, D and F are true but statement E is wrong
  - d) Statements A and F are true but statement B is wrong
  - e) Statements B and E are true but statement F is wrong
  - f) Statements A, D and E are true but statement B is wrong
17. In their 2005 paper, Hambrick & Fredrickson argue that a strategy consists of five elements, providing answers to five questions.  
Which of the following elements is **not** part of it?
- a) Arenas: In which markets do we want to be active in?
  - b) Differentiators: Which competitive advantages do we want to achieve?
  - c) Resources: Which resources do we want to possess?
  - d) Economic Logic/Financials: How will we obtain revenues and profits?
  - e) Vehicles: What is our business system?
  - f) Staging/Timing: What will be our sequence of moves and speed?
18. In the following you find a list of statements:
- (A) The area where the company provides higher value is perceived by customers
  - (B) The area where the company provides higher value is defensible against competitors
  - (C) The realized price is above the company's costs
  - (D) Having a competitive advantage always leads to higher firm performance in terms of profits
  - (E) The area where the company provides higher value is important to customers
  - (F) The company creates value for its customers
- Which of the following statements is true?
- (a) Statement A and B are true, but statement E and F are wrong
  - (b) Statement B and C are true, but statement E is wrong
  - (c) Statement C and D are true, but statement E is wrong
  - (d) Statement E and F are true, but statement B is wrong
  - (e) Statement C and F are true, but statement D is wrong
  - (f) Statement D and F are true, but statement C is wrong

19. The company Clelex desired to enter the foreign market Mexico because it is a hot spot in current internationalization activities due to cheap labor costs. In contrast to for example China, Mexico does not require companies to enter their market with a local partner. Currently, the management board of Clelex is discussing which mode of entry they should chose in order to internationalize to Mexico. They just agreed upon the fact that they want to determine the foreign business model but they don't need to have own contact to the end customer in the foreign country. As a consultant, you are asked to suggest Clelex one entry mode strategy. Considering their requirements, which strategy would fit best?
- Greenfield equity joint venture
  - Franchising
  - Licensing
  - Partial acquisition equity joint venture
  - Wholly owned greenfield
  - Full or potential acquisition

20. The company Rerox AG has an investment budget of 90 m€ and two investment (inv.) opportunities with different paybacks, which are displayed in the following:

Inv. opportunity	Inv. year 0	Payback year 1	Payback year 2	Interest rate
A	80 m€	100 m€	-	10%
B	80 m€	-	105 m€	10%

Which of the following statements is true? (All figures are rounded to integers.)

- Rerox AG should invest in investment opportunity A, because the payback discounted to year 0 is 100 m€ and thereby higher than the payback of investment opportunity B with a payback of 90 m€ in year 0
  - Rerox AG should invest in investment opportunity A, because the payback discounted to year 0 is 90 m€ and thereby higher than the payback of investment opportunity B with a payback of 87 € in year 0
  - Rerox AG should invest in investment opportunity B, because the payback is 105 m€ and thereby higher than the payback of 95 m€ of investment opportunity A
  - Rerox AG should invest in investment opportunity A, because there is no payback in year 1 for investment opportunity B, whereas investment opportunity A delivers a payback of 100 m€ in year 1
  - Rerox AG should invest in investment opportunity B, because payback subtracting the investment equals 25 m€ and is thereby higher than the same difference for investment opportunity A, which is only 20 m€
  - Rerox AG should invest in investment opportunity B, because this is the more long-term oriented investment opportunity, which also yields a higher payback in year 2
21. Which of the following statements about outsidership is **not** true?
- Over time, companies can gain market-specific knowledge by acting within the various environmental settings to become an insider
  - Firms have to cope with outsidership when they enter a new regional or product market with different environmental settings to the existing portfolio
  - Market-specific responsiveness is a characteristic of an insider
  - A company is an outsider, if it lacks market-specific knowledge
  - The process of becoming an insider in a new region area can only occur with a joint venture. However, the process of becoming an insider in a new product area can also occur without a partner.
  - A company that has generated knowledge within the various environmental settings might be able to use its specific advantages in these new settings

22. Ghemawat discussed in his 2001 paper four sources of distance. Which of the following statements is **not** true?
- Cultural distance is for example determined by values and colonial ties
  - In his 2001 paper Ghemawat names the sources of distances. They are geographic distance, cultural distance, economic distance and administrative distance
  - Time zones and physical distance between countries are factors that determine geographic distance
  - Laws, regulations and the level of corruption are exemplary factors, which determine administrative distance
  - Economic distance is for example determined by differences in the GDP per capita
  - Despite globalization, differences between countries exist and distance still matters

23. The following items are extracted from an income statement for the year ended Dec. 31, 2016:

Increase/Decrease in finished goods inventory	0 m€
Income taxes	15 m€
Sales revenue	130 m€
Interest expenses	8 m€
Wages and salaries	60 m€
Extraordinary expenses/income	5 m€
Material expenses	20 m€

All further elements, which are not part of the above list but might be important to calculate operating income, are 0 m€. The operating income is...

- 10 m€
  - 16 m€
  - 20 m€
  - 30 m€
  - 50 m€
  - 60 m€
24. Exchange rates can significantly influence economic logic of foreign market activities. A Chinese company is selling its products in the US. The following information is given:

	t <sub>0</sub>	t <sub>1</sub>
US Dollar (\$)	1.00	1.00
Chinese Yen (¥)	5.00	4.00
Revenue	1,500 \$	1,500 \$
Cost	2,000 ¥	2,000 ¥
Profit	? ¥	? ¥

Which of the following statements is **not** true?

- Profit in t<sub>0</sub> is 5,500 ¥
- By hedging, companies ensure themselves against changes in the exchange rate for transactions in foreign currencies
- Profit in t<sub>0</sub> is 1,100 \$
- Profit in t<sub>1</sub> is 3,000 ¥
- By diversifying to other currency markets, companies ensure themselves against changes in the exchange rate for transactions in foreign currencies
- Profit in t<sub>1</sub> is 1,000 \$

25. Which one of the following items does **not** belong to the asset part of a balance sheet?
- a) Inventories
  - b) Retained earnings
  - c) Property, plant, and equipment
  - d) Securities
  - e) Accounts receivable
  - f) Cash
26. Please read the following elements of a balance sheet:
- |                        |                                  |
|------------------------|----------------------------------|
| A. Capital reserves    | F. Property, plant and equipment |
| B. Accounts receivable | G. Cash                          |
| C. Securities          | H. Loss carried forward          |
| D. Overdraft loans     | I. Net income for period         |
| E. Inventory           |                                  |
- How many of them are listed under the section "owner's equity" in the balance sheet?
- a) 1
  - b) 2
  - c) 3
  - d) 4
  - e) 5
  - f) None of these answers are right
27. Please read the following statements carefully:
- (A) Balance sheets include flow figures
  - (B) In a balance sheet, the items "Fixed assets" and "Equity" always equal each other
  - (C) The total equity of a company is equal to the assets less the liabilities of the company
  - (D) Cash is a flow figure between two periods in time, whereas profit is a stock figure at a certain point in time
  - (E) Income statements include stock figures
  - (F) Fixed assets cannot be transferred to cash, only current assets can
- Which of the following statement is true?
- a) Statement A is true, but statement E is not true
  - b) Statement D is true, but statement C is not true
  - c) Statement F is true, but statement A is not true
  - d) Statement E is true, but statement B is not true
  - e) Statement C is true, but statement D is not true
  - f) Statement B is true, but statement A is not true
28. Which of the following statements on stakeholders and objectives is **not** true?
- a) The stakeholder approach regards stakeholder value as primary objective.
  - b) The aspiration level is a function of comparisons and path independent factors.
  - c) Shareholder value and stakeholder value are related to each other.
  - d) Management has to be distinguished from supervision and ownership.
  - e) Within stakeholder groups, conflicts might arise. If a conflict between employees in different countries A and B arises, it is an intra-group conflict.
  - f) As CEO or member of the top management, one should not mess up with all stakeholders at the same time.

29. In the following you get a balance sheet at two different points in time:

Assets	
Fixed Assets	80
Current assets	42
Material	18
Unfinished goods	4
Finished goods	4
Accounts receivable	8
Securities	0
Cash	8
<b>Total assets</b>	<b>122</b>
Equity	18
Pension reserve	29
Liabilities	75
Long-term	40
Short-term	35
<b>Total liabilities and equity</b>	<b>122</b>

Assets	
Fixed Assets	80
Current assets	34
Material	10
Unfinished goods	4
Finished goods	4
Accounts receivable	8
Securities	0
Cash	8
<b>Total assets</b>	<b>114</b>
Equity	10
Pension reserve	29
Liabilities	75
Long-term	40
Short-term	35
<b>Total liabilities and equity</b>	<b>114</b>

Which of the following statements is true?

- The change from balance sheet A to balance sheet B can be explained by the business activity of getting material delivered and storing it. No expenses or income are created in this case.
  - The change from balance sheet A to balance sheet B can be explained by the business activity of taking material from storage to production. The use of material creates expenses.
  - The change from balance sheet A to balance sheet B can be explained by the business activity of paying a bill. Paying the bill does not create expenses or income.
  - The change from balance sheet A to balance sheet B can be explained by the business activity of getting material delivered and storing it. This business case creates expenses.
  - All of the above mentioned statements are true.
  - None of the above mentioned statements are true.
30. The ABC AG is a successful German consumer goods company which was founded in 1991 in Hamburg. Considering this company, the need for local responsiveness is low and economies of integration are high. The ABC AG follows a(n) \_\_\_\_\_ strategy.
- Global
  - Transnational
  - International
  - Regional
  - Binational
  - Multinational

31. Porter coined two generic competitive strategies: Differentiation and price leadership. Please read the following statements about competitive strategies carefully:
- (A) When the products or services of a company are of the same value compared to the competitors' offerings, but are sold at lower prices
  - (B) When a company offers products or services with on average lower value than competitors
  - (C) When the products or services of a company are perceived to offer greater satisfaction and for which customers are, consequently, willing to pay premium prices
  - (D) When a company has no competency that distinguishes it from other companies in its industry
  - (E) When a company has a widely recognized brand name
  - (F) When a company's products or services offer features that are not included in competitors' offerings
- Which one of the following statements is true?
- a) Statement A and statement C both define a differentiation strategy
  - b) Statement D defines a differentiation strategy
  - c) Statement A defines a differentiation strategy; no other statement mentioned above defines a differentiation strategy
  - d) Statement B and statement C define a differentiation strategy
  - e) Statement C defines a differentiation strategy; no other statement mentioned above defines a differentiation strategy
  - f) None of the above mentioned statements define a differentiation strategy
32. Over the years, the American retailer Walmart increased its footprint not only across the American landscape, but also beyond country borders to foreign markets like India (Brunn, 2006). In mid-2000, Walmart decided to enter the Indian market with a local partner, Bharti Enterprises Ltd., and thereto bought a stake in this local company. In course of this partnership, Walmart got access to the logistic network of Bharti Enterprises Ltd. in India as well as to some production facilities. The equal partnership operates under the name Bharti Walmart Pvt. Ltd. (BWM). Under which entry strategy did Walmart enter the Indian market?
- a) Greenfield equity joint venture
  - b) Full licensing structure
  - c) Partial acquisition equity joint venture
  - d) Franchising
  - e) Wholly owned greenfield
  - f) Partly licensing structure

33. Firms internationalize for various reasons. The following paragraphs describe some firms that had reactive reasons to enter foreign markets.
- (A) In 1925 Ford, who was at that time the largest car manufacturer, opened its first plant in Puebla. Other American car manufacturers like Tesla did so later.
  - (B) Company X and Company Y are two German textile companies. Company X was the first to found a subsidiary in Vietnam in 2003. Its close competitor Company Y did so too a few years later and founded a subsidiary in Vietnam in 2008.
  - (C) Within the high-speed train market, European manufacturers Siemens and Alstom entered the Chinese market in mid-2000. Later on, the China Railway Engineering Corporation expanded to Poland, Great Britain and other European countries.
  - (D) The US American car manufacturer Tesla enters the Chinese market in the late 1990ies. Later the Chinese smartphone producer Lenovo in turn opens up R&D facilities in the USA.
- Which of the following statements about reactive reasons to internationalize is true?
- a) (A) is an example for the cross-investment approach.
  - b) The following the leader approach describes the case of a company from the previously existing market(s) that enters a new foreign market in  $t_0$  and is followed by another company from any industry in a later period ( $t_1$ ) with an investment in the same new foreign market.
  - c) The following case can be described as the cross-investment approach: A foreign competitor A internationalizes to the home market of company B in  $t_0$  and this firm B in turn internationalizes to the home market of firm C in  $t_1$ .
  - d) (B) is an example for the following the leader approach.
  - e) (D) is an example for the cross-investment approach.
  - f) (C) is an example for the following the leader approach.
34. The MON AG is a medium-sized company which is located in Garmisch. The MON AG tries to offer lower prices and higher value for their products compared to their competitors. Last year, the MON AG had low return rates. What can you tell about the MON AG? The company...
- a) ...is following the resource-conduct performance paradigm
  - b) ...is automatically bankrupt due to over-indebtedness
  - c) ...is stuck in the middle
  - d) ...is stuck in a price war
  - e) ...is gaining a corporate advantage
  - f) ...is experiencing economies of scale
35. Target market customization depends on the need for local responsiveness and economies of integration. Which one of the following statements is true?
- a) If the economies of integration are high and the need for local responsiveness is low, the appropriate strategy is the multinational strategy
  - b) One of the factors influencing target market customization is the need for local responsiveness, which represents the cost perspective
  - c) If the economies of integration are low and the need for local responsiveness is low, the appropriate strategy is the international strategy
  - d) If the economies of integration are high and the need for local responsiveness is high, the appropriate strategy is the global strategy
  - e) One of the factors influencing target market customization are the economies of integration, which represent the customer perspective
  - f) If the economies of integration are low and the need for local responsiveness is high, the appropriate strategy is the transnational strategy