A. Please write a short essay (in English) about the purpose of management education and the key elements of an excellent MBA program. (30 points)

B. Answer the following three questions based upon the content. (40 points)

1. **According to the authors, which entry mode of a foreign market would lead to relatively worse outcomes? (1) OEM (2) ODM (3) Contractual joint ventures (4) Equity ventures (5) Wholly foreign owned operation (Multiple Choice).**

2. **What are the two major measures of the outcomes discussed by the authors?**

3. **Please use less than 200 words to summarize these paragraphs in Chinese.**

Mode of Market Entry

(adopted from a research paper by Yigang Pan, Shaomin Li, and David K. Tse, 1999)

In this study, we focus on three modes of entry, namely, contractual joint ventures, equity joint ventures and wholly foreign owned operations. Contractual joint ventures are non-equity types of partnership between a foreign firm and a local firm. The parties are bound by contracts rather than equity-based investments. Contract manufacturing is an example of this type of arrangement.

As stated earlier, the few empirical studies that exist have not produced consistent findings regarding the relationship between entry modes and profitability (Woodcock, Beamish and Makino, 1994). This may suggest that the relationship is not a strong one, or it may mean that the relationship may be multi-facet and hinge on many context-dependent factors. With this in mind, we begin our conceptual discussion. It should be noted that our study is the first to include contractual joint ventures as a mode of entry.

There are two streams of explanation for the impact of entry mode on profitability. One is the cost argument (Contractor, 1990; Hennart, 1991; Kim and Hwang, 1992; Madhok, 1997; Woodcock, Beamish and Makino, 1994). Contractor and Lorange (1988) provide a framework to analyze the various costs and benefits in choosing between wholly owned operations and contractual arrangements. The basic premise is that the higher the resource requirements of one particular mode of entry, the harder it is for a firm to recoup its investment and to make a profit (Teece, 1982). It is suggested that the costs of setting up and running a wholly owned operation may be lower than those of an equity joint venture (Woodcock, Beamish and Makino, 1994). This is because firms often simply duplicate what they have done successfully in other overseas markets. Thus, they incur minimal new resource-based costs. Equity joint ventures, however, entail costs related to searching for appropriate local partner(s) and integrating the assets pooled together by the venture partners (Madhok, 1997). In addition, some resources are consumed in coordinating the interests, goals, and management between the partners. Admittedly, many costs, both *ex ante* and *ex post*, are context-dependent, and it is hard to generalize across the board without going into specific cases (see, Contractor and Lorange, 1988). The main premise of the cost argument is that the total combined costs are often higher for joint ventures than for wholly owned operations, holding other things constant (Caves and Mehra, 1986). As such, wholly owned operations can be more profitable than equity joint ventures in overseas markets (Li and Guisinger, 1991).

Following the same logic, one expects hat due to its relatively short-term nature, it is harder to forge and maintain a contractual relationship. The cost of switching from one firm to another adds to the costs of doing business. Once a new contractual partnership is set up, the costs of maintaining it can be substantial, particularly due to the lack of control. Thus, it is possible that a wholly owned operation is the least costly mode of operation, followed by an equity joint venture and a contractual joint venture.

The second explanation stems from the need for managerial control. Wholly owned operations allow foreign firms complete responsibility and control from inception to demise. Foreign firms have few reservations about extending their competitive and proprietary assets using wholly owned operations abroad (Davidson and McFetridge, 1984). Most importantly, foreign firms avoid the conflicts of interest and objectives that occur in the case of partnerships with local firms (Tse, Pan and Au, 1997). They can pursue wholeheartedly their own goals and objectives. As a result, it is often believed that this efficiency allows wholly owned operations higher profitability than equity joint ventures (Woodcock, Beamish and Makino, 1994). Of course, wholly owned subsidiaries are more profitable when substantive local knowledge is not required. Otherwise, they may perform sub-optimally compared to other modes (Vanhonacker, 1997). Again, if we follow this logic, we would expect contractual joint ventures to fare the worst. Based on these two arguments in the literature, we hypothesize:

The impact of entry modes on market share performance is even less well established. As such, our discussion is exploratory in nature. As stated earlier, foreign firms choosing the full ownership mode can pursue their own strategies, while partnerships have to incorporate the needs of local parties. It becomes relevant to know if market share is a top strategy for foreign firms in a given overseas market. In the case of China, the single most important objective for most foreign firms in China is to penetrate the local market quickly, and to gain market share aggressively (Yan and Gray, 1994; Vanhonacker, 1997). If they choose wholly owned operations, they will be more willing to introduce their best products to the local market, make fast decisions and act forcefully (Madhok, 1997). They can even sacrifice short-term profits in order to gain a bigger market share in the local market.

The downside of not having a local partner may be severe in penetrating some product sectors. In the case of equity joint ventures, the advantage of having a local partner to push the sales locally is self-evident. However, the successful implementation of market share strategy hinges on the condition that both foreign and local partners want to achieve such a goal. In short, we point out that wholly owned operations and equity joint ventures allow foreign firms a viable means to penetrate the local market effectively. Given that each mode has its own upside and downside, it is not clear which mode will be more effective in achieving larger market shares.

What seems clearer is that foreign firms entering through contractual joint ventures are at a disadvantage. They do not have direct control over sales operations in the local market. For instance, Adidas may sign an exclusive distribution contract with a local business in a given foreign market. How to penetrate the local market is then up to the local business. In some countries, the local firm sells Adidas shoes as a fashion good, which contradicts Adidas' global positioning strategy on performance. Cases such as this suggest that foreign firms do not have effective control over promotion of their products in the overseas market. Disagreement may also occur over whether the local contractor has devoted adequate resources to support product sales. In short, the overall effectiveness of the market penetration strategy can be compromised without an adequate level of control. Thus, we expect that foreign firms entering an overseas market via contractual joint ventures are likely to have a weaker market share position than those entering via wholly owned or equity joint ventures.

C. Please read the following article and answer two questions. (If you answer the multiple choice wrong, your summary will not be graded.) (30 points)

1. **What would be the best title of this article? (1) The advantages of first entry (2) Being the first in the mind (3) Mind shared (4) The history of computer industry (5) The mysteries of marketing.**
2. **(In English) Please point out the main concept of this article in 100 words.**

The world's first personal computer was the MITS Altair 8800. According to first entry advantages, it would be suggested that the MITS Altair 8800 (an unfortunate choice of names) ought to be the No.1 personal computer brand. Unfortunately, the product is no longer with us. Du Mont invented the first commercial television set. Duryea introduced the first automobile. Huurley introduced the first washing machine. All are gone.

Is there no first entry advantage? No, but it should be modified by consumers' mind-sets. It's better to be first in the prospect's mind than first in the marketplace. Being first in the mind is everything in marketing. Being first in the marketplace is important only to the extent that it allows you to get in the mind first.

For example, IBM wasn't first in the marketplace with the mainframe computer. Remington Rand was first, with UNIVAC. But thanks to a massive marketing effort, IBM got into the mind first and won the computer battle early.

If marketing is a battle of perception, not product, then the mind takes precedence over the marketplace. Thousands of would-be entrepreneurs are tripped up every year by this mystery. Someone has an idea or concept he or she believes will revolutionize an industry, as well it may. The problem is getting the idea or concept into the prospect's mind.

The conventional solution to the problem is money. That is, the resources to design and build product or service organizations plus the resources to hold press conferences, attend trade shows, run advertisements, and conduct direct mail programs.

Unfortunately, this gives rise to the perception that the answer to all marketing questions is the same: money. Not true. More money is wasted in marketing than in any other human activity (outside of government activities, of course).

You can't change a mind once a mind is made up. Wang was first in word processors. But the world passed such machines by and went on to computers. Wang, however, wasn't able to make the transition. In spite of spending millions of dollars promoting its personal computers and minicomputers, Wang is still perceived as a word processor company. Xerox was first in copiers and then tried to get into the computer business. Twenty-five years and $2 billion later, Xerox is nowhere in computers.

You want to change something in a computer? Just type over or delete the existing material. You want to change something in a mind? Forget it. Once a mind is made up, it rarely, if ever, changes. The single most wasteful thing you can do in marketing is try to change a mind.

If you want to make a big impression on another person, you cannot worm your way into their mind and then slowly build up a favorable opinion over a period of time. The mind doesn't work that way. You have to blast your way into the mind. The reason you blast instead of worm is that people don't like to change their minds. Once they perceive you one way, that's it. They kind of file you away in their minds as a certain kind of person. You cannot become a different person in their minds.

Apple's problem in getting into its prospects' minds was helped by its simple, easy-to-remember name. On the other hand, Apple's competitors had complicated names that were difficult to remember. In the early days, five personal computers were in position on the launching pad: Apple II, Commodore Pet, IMSAI 8080, MITS Altair 8800, and Radio Shack TRS-80. Ask yourself, which name is the simplest and easiest to remember?

依題序作答

1. John has been employed at Hitec Company at a salary of \$35,000 per month during the past year. Because John is considered to be a top salesperson, the manager of Hitec is offering him one of three salary plans for the next year.

Plan I -- \$35,000 per month
Plan II -- \$24,000 per month and \$6,000 per car sold
Plan III -- No salary and \$10,000 per car sold

Suppose during the past year in 1 month John sold no cars, in 2 months he sold 1 car, in 1 month he sold 2 cars, in 2 months he sold 3 cars, in 1 month he sold 4 cars, in 3 months he sold 5 cars and in 2 months he sold 6 cars. If one assumes that this is a typical distribution for monthly sales, what is the best salary plan for John. (25%)

2. Mu-Sin Restaurant is going to open a new restaurant on Ji-Nan Street. It has three different models, each with a different seating capacity. Mu-Sin estimates that the average number of customers per hour will be 80, 100 or 120. The payoff table for the three models is as follows:

	Average # of Customers Per Hour		
	80	100	120
Model A	\$100,000	\$150,000	\$140,000
Model B	\$ 80,000	\$180,000	\$120,000
Model C	\$ 60,000	\$160,000	\$210,000

Mu-Sin Restaurant estimates the probability of 80 customers per hour is the same as the probability of 120 customers per hour and twice as much as the probability of 100 customers per hour.

(a) What is the optimal decision if the criterion of minimax regret is used?
(b) What is the expected value of perfect information? (25%)

3. The factors that influence the outputs at Ji-Nan firm's production lines are being studied. Three machines and three operators are chosen at random for this experiment. The results are as follows:

Operator	Machine A	Machine B	Machine C
1	109, 112	111, 115	108, 110
2	114, 118	117, 121	112, 109
3	116, 111	118, 124	114, 119

Analyze the data and draw conclusions. $(\alpha = 0.10)$ (25%)

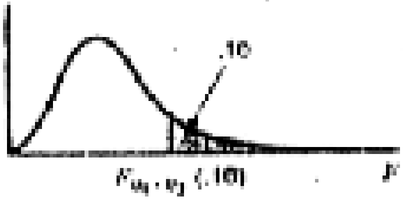
4. Eric Lee, a marketing manager at Ji-Nan Company, is planning to conduct a survey. The research department has suggested that providing return postage might improve the response rate. Eric Lee ordered 250 mailing to be sent to each of the three identified groups. Ten days later Lee recorded the following responses:

(1) Commemorative stamp returns equaled 18% (12% from rural area and 6% from urban areas).
(2) Business reply stamp returns were 15% (5% rural and 10% urban).
(3) No-Stamps returns were 12% (2% rural and 10% urban).

Is the use of commemorative stamps an effective plan for the survey? $(\alpha = 0.10)$
(25%)

科目 Course	應用統計	系級	企管系	日期 Date, Period	6 月 10 日 第 2 節	試題編號 Course No.

F-DISTRIBUTION CRITICAL POINTS (α = .10)



ν_2 \ ν_1	1	2	3	4	5	6	7	8	9	10	12	15	20	25	30	40	60
1	39.86	49.50	53.59	55.83	57.24	58.20	58.91	59.44	59.86	60.19	60.71	61.22	61.74	62.05	62.26	62.53	62.79
2	8.53	9.00	9.16	9.24	9.29	9.33	9.35	9.37	9.38	9.39	9.41	9.42	9.44	9.45	9.46	9.47	9.47
3	5.54	5.46	5.39	5.34	5.31	5.28	5.27	5.25	5.24	5.23	5.22	5.20	5.18	5.17	5.17	5.16	5.15
4	4.54	4.32	4.19	4.11	4.05	4.01	3.98	3.95	3.94	3.92	3.90	3.87	3.84	3.83	3.82	3.80	3.79
5	4.06	3.78	3.62	3.52	3.45	3.40	3.37	3.34	3.32	3.30	3.27	3.24	3.21	3.19	3.17	3.16	3.14
6	3.78	3.46	3.29	3.18	3.11	3.05	3.01	2.98	2.96	2.94	2.90	2.87	2.84	2.81	2.80	2.78	2.76
7	3.59	3.26	3.07	2.96	2.88	2.83	2.78	2.75	2.72	2.70	2.67	2.63	2.59	2.57	2.56	2.54	2.51
8	3.46	3.11	2.92	2.81	2.73	2.67	2.62	2.59	2.56	2.54	2.50	2.46	2.42	2.40	2.38	2.36	2.34
9	3.36	3.01	2.81	2.69	2.61	2.55	2.51	2.47	2.44	2.42	2.38	2.34	2.30	2.27	2.25	2.23	2.21
10	3.29	2.92	2.73	2.61	2.52	2.46	2.41	2.38	2.35	2.32	2.28	2.24	2.20	2.17	2.16	2.13	2.11
11	3.23	2.86	2.66	2.54	2.45	2.39	2.34	2.30	2.27	2.25	2.21	2.17	2.12	2.10	2.08	2.05	2.03

χ^2 CRITICAL POINTS

d.f. ν \ α	.990	.950	.900	.500	.100	.050	.025	.010	.005
1	.0002	.004	.02	.45	2.71	3.84	5.02	6.63	7.88
2	.02	.10	.21	1.39	4.61	5.99	7.38	9.21	10.60
3	.11	.35	.58	2.37	6.25	7.81	9.35	11.34	12.84
4	.30	.71	1.06	3.36	7.78	9.49	11.14	13.28	14.86
5	.55	1.15	1.61	4.35	9.24	11.07	12.83	15.09	16.75
6	.87	1.64	2.20	5.35	10.64	12.59	14.45	16.81	18.55
7	1.24	2.17	2.83	6.35	12.02	14.07	16.01	18.48	20.28
8	1.65	2.73	3.49	7.34	13.36	15.51	17.53	20.09	21.95
9	2.09	3.33	4.17	8.34	14.68	16.92	19.02	21.67	23.59
10	2.56	3.94	4.87	9.34	15.99	18.31	20.48	23.21	25.19