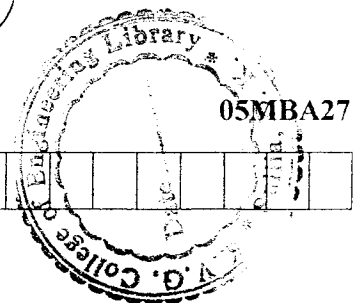


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SRINIVAS INSTITUTE OF TECHNOLOGY
LIBRARY MANAGEMENT

NEW SCHEME

**Second Semester M.B.A. Degree Examination, July 2006
Master of Business Administration
International Business Management**

Time: 3 hrs.]

[Max. Marks:100

Note : *1. Answer any FIVE full Questions including question no.8, which is compulsory.*

- 1 a. Why companies engage in international business? (03 Marks)
- b. What do you mean by business ethics? List and briefly explain at least five ethical practices in international businesses. (07 Marks)
- c. Explain the theory of comparative advantage with suitable example. (10 Marks)

- 2 a. Differentiate between patents, copyrights, and trademarks. (03 Marks)
- b. What is the rationale of governments for intervention in international trade? Explain briefly. (07 Marks)
- c. What are the different levels of economic integration amongst nations? Explain briefly with examples. (10 Marks)

- 3 a. What are the major reasons for global sourcing? (03 Marks)
- b. What is 'Leontief Paradox'? How can it possibly be explained? (07 Marks)
- c. Explain briefly the various modes of international business. (10 Marks)

- 4 a. Describe the factors that have contributed to the growth of multi-national enterprises (MNEs). (03 Marks)
- b. Explain briefly the different instruments of trade policy implementation. (07 Marks)
- c. Explain briefly the implications for international business from the floating exchange rate system. (10 Marks)

- 5 a. What do you understand by Balance of Payments (BOP)? (03 Marks)
- b. Explain how different political systems affect FDI. (07 Marks)
- c. Explain the different characteristics of multinational, Global, and Transnational companies. (10 Marks)

- 6 a. Discuss the forces driving companies towards international business. (03 Marks)
- b. What are the advantages and disadvantages of FDI to a host country? Explain. (07 Marks)
- c. Discuss the organizational structure of European Union. (10 Marks)

- 7 a. What is a foreign exchange market? Give example. (03 Marks)
- b. Describe various aspects of headquarters and subsidiary relations in MNC. (07 Marks)
- c. What is the significance of logistics and supply chain management in international business? (10 Marks)

8 a. Case study:

The Rise of Finland's Nokia

In 1981 When the Nordic nations (Sweden, Norway, and Finland) got together to create the world's first international mobile telephone network. They had good reason to become pioneers; in the sparsely populated and inhospitably cold areas, it cost far too much to lay down a traditional wireline telephone service. Yet the same geographic features make telecommunications all the more valuable; people driving through the Arctic winter and owners of remoter northern houses need a telephone to summon help if things go wrong. As a result, Sweden, Norway, and Finland become the first nations to take wireless telecommunications seriously. They found, for example, that while it cost up to \$ 800 per subscriber to bring a traditional wireline service to remoter locations in the far north, the same locations could be linked by wireless telephones for only \$ 500 per person. As a consequence, by 1994, 12 percent of people these countries owned wireless phones, compared with less than 6 percent in the united states, the world's second most developed market. This leadership has continued till date.

Nokia, as a long-time telecommunication equipment supplier, was well positioned to take advantages of this development. Other forces were also at work in finland that helped Nokia develop its competitive edge. Unlike virtually every other developed nation, finland has never had a national telephone monopoly. Instead, the country's telephone services have long been provided by about 50 autonomous local telephone companies, whose elected boards set prices by referendum (which naturally means low prices). This army of independent and cost-conscious telephone service providers prevented Nokia from taking anything for granted in its home country. With typical Finnish pragmatism, they were willing to buy from the lowest – cost supplier, whether that was Nokia, Ericsson, Motorola, or someone else. This situation contrasted sharply with that prevailing in most developed nations until the late 1980s and early 1990s; domestic telephone monopolies typically purchased equipment from a dominant local supplier or made it themselves. Nokia responded to this competitive pressure by doing everything possible to drive down its doing everything possible to drive down its doing everything possible to drive down its manufacturing costs while still staying at the leading edge of wireless technology.

The consequences of these forces are clear. Nokia is now the leader in digital wireless technology, which is the wave of the future. Many now regard Finland as the lead market for wireless telephone services. If you want to see the future of wireless, you don't go Helsinki, where Finns use their wireless handsets not just to talk to each other, but also to browse the web, execute e-commerce transactions, control household heating and lighting systems, or purchase Coke from wireless-enabled vending machine. Nokia has gained this lead because Scandinavia started switching digital technology faire years before the rest of the world. Nokia now has the lowest cost structure of any cellular phone equipment manufacturer in the world. Nokia's operating margins in 2000 were 20 percent, compared with 6.4 percent at Motorola, its leading global rival.

Case Discussion Questions:

- a. What are the domestic conditions of demand for Nokia? (05 Marks)
- b. What is Nokia's strategy for growth in the wireless telephony market? (05 Marks)
- c. Which international business theory best explains the success of Nokia? How? (10 Marks)

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NEW SCHEME

Second Semester M.B.A. Degree Examination, Dec.06/Jan. 07
International Business Management

Time: 3 hrs.]

[Max. Marks:100

Note: 1. Answer any FOUR full questions from 1 to 7.
2. Question No.8 is compulsory.

- 1 a. Define "Economic Integration Scheme". (03 Marks)
b. What are the primary purposes of I.M.P? (07 Marks)
c. What are the advantages and disadvantages of Globalization? (10 Marks)
- 2 a. Define Mercantilism. (03 Marks)
b. Write down the differences between GATT and W.T.O. (07 Marks)
c. Why do business firms of a country go to other countries? Give your answer with suitable examples. (10 Marks)
- 3 a. Define Transnational company. (03 Marks)
b. What are the four approaches of Douglas in International Business? Explain it. (07 Marks)
c. What is political environment? How does it affect international business? (10 Marks)
- 4 a. What is meant by the term culture? (03 Marks)
b. What are the different modes of entry in to international business? (07 Marks)
c. What are the measures taken by the government of India in order to globalize the Indian Economy? (10 Marks)
- 5 a. What is 'Turnkey' project? (03 Marks)
b. What are the different non – tariff barriers? Briefly explain them. (07 Marks)
c. Mention five specific functions of W.T.O and explain. (10 Marks)
- 6 a. "Intellectual property rights in trade" Define. (03 Marks)
b. Mention and explain the economic factors which causes inequilibrium in the balance of payment. (07 Marks)
c. Explain the major draw backs of India's export sector. (10 Marks)
- 7 a. Define "Free trade area". (03 Marks)
b. What are the main objectives of imposing trade barriers? (07 Marks)
c. What are the different degrees or levels of economic integration? Explain., (10 Marks)

8 Case Study :

The star corporation is a Hong Kong based manufacturing firm that is going to do business in mainland China. The Company's contract with Chinese government calls for it to supply technical know – how and machinery for producing consumer electronics. These products are not state of the art, but they will be more than adequate for the needs of the Chinese customers. Star has agreed to sell the Chinese its plant, which was being closed because it was no longer competitive.

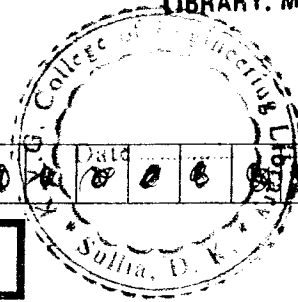
The Chinese will pay to move all the machinery and equipment to their country and install it in a factory that is currently being modified for this purpose. The two will then become partners in the venture. Star will provide the management and technical expertise to run the plant and the Chinese will provide the workers and will be responsible for paying for all the output. Star will receive an annual fee of \$3 million and 5% of all the sales.

The star management is very pleased with the arrangement. Although they are of Chinese descent, they have lived in Hong – Kong all their lives and know relatively little about doing business either or with in China. To provide star with necessary information and assistance a native of China, educated there but living on Hong – Kong the past 5 years, was brought in. The individual told the company the following facts about China.

- Chinese managers do not plan. They are usually told what to do and they do it. Planning is handled by others and simply passed on to them.
- Chinese managers are not concerned with profit or loss. They simply do their jobs and let the government worry about whether the operation is making money.
- No rewards are given to workers who perform well. Everyone is treated the same. If there is no work, the workers are still paid although they may not be required to come to the factory.
- There is a basic aversion to individual decision making. Most decisions are collective efforts.
- The current government of China would like its managers to learn how to run a profit oriented operation and eventually eliminate the need for foreign managerial assistance.
- When outsiders tell Chinese how to do things, they have to be careful not to insult or offend the Chinese who are often sensitive about the way they are treated.

Questions :

- a. Explain the cross cultural communication in process and negotiation with the above case study. (05 Marks)
- b. What selection criteria would you recommend to star when deciding whom to send to China? (05 Marks)
- c. What procedures should the company use in making the final selection? (05 Marks)
- d. What type of repatriation agreement would you recommend to the firm? Be specific regarding some things, you would suggest, be contained in the agreement. (05 Marks)



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NEW SCHEME

Second Semester MBA Degree Examination, July 2007
Business Administration
International Business Management

Time: 3 hrs.]

[Max. Marks:100

Note : 1. Answer any FOUR questions from 1 to 7.

2. Question No. 8 is compulsory

- 1 a. State the factors that have been favoring the recent increased growth in international business. (03 Marks)
b. Explain the role and significance of Political / Legal / Governmental factors in international business. (07 Marks)
c. Discuss the propositions and implications of Raymond Vernon's international product life cycle theory. (10 Marks)
- 2 a. What do you understand by 'Voluntary Export Restraint'? (03 Marks)
b. Explain the four basic types of economic integration. (07 Marks)
c. Discuss the economic and political and legal impact of MNC's operations. (10 Marks)
- 3 a. What are the three basic manufacturing philosophies followed in international business? (03 Marks)
b. Explain any three contractual modes of international business. (07 Marks)
c. Discuss the macro-economic and micro-economic indicators constituting economic environment of international business. (10 Marks)
- 4 a. State the important effects of economic integration. (03 Marks)
b. Explain the different approaches to placing foreign activity within the organization structure of MNEs. (07 Marks)
c. Discuss the objectives, organization structure and functions of IMF. (10 Marks)
- 5 a. What are the ethical practices expected of international business firms? (03 Marks)
b. Explain the theory of absolute cost advantage proposed by Adam Smith. (07 Marks)
c. Discuss the economic and non - economic rationale for government intervention in trade. (10 Marks)
- 6 a. What are the factors influencing the formal structure of MNEs? (03 Marks)
b. Explain the important factors considered in international logistics management. (07 Marks)
c. Discuss the different motivations for FDI as an alternative or supplement to international trade. (10 Marks)
- 7 a. What are the 'Mercantilism theory' proposed about the purpose and direction of international business? (03 Marks)
b. Examine the organizational and functional dimensions of WTO. (07 Marks)
c. Write notes on : i) NAFTA ii) MERCOSUR. (10 Marks)

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Second Semester MBA Degree Examination, June/July 08
International Business Management

Time: 3 hrs.

Max. Marks:100

Note : Answer FOUR full questions, from Q.1 to Q.7; Q-8 is compulsory.

- 1 a. What do you mean by globalization of Productions? (03 Marks)
b. What are the advantages and disadvantages of globalization? (07 Marks)
c. Discuss the Heckscher – online theory. (10 Marks)

- 2 a. Define MNC. (03 Marks)
b. Discuss the reasons for low inflow of FDI into India. (07 Marks)
c. Explain any four modes of entering international market. (10 Marks)

- 3 a. Who are expatriates? (03 Marks)
b. Explain the new trade theory. (07 Marks)
c. How political and legal factors affect the international business? (10 Marks)

- 4 a. What is strategic alliance? (10 Marks)
b. Explain how MNC is different from Global, International and Transnational corporations? (07 Marks)
c. Discuss the political argument for intervention. (10 Marks)

- 5 a. What do you mean by foreign exchange market? (03 Marks)
b. Discuss the functions of foreign exchange market. (07 Marks)
c. Explain the non – tariff barriers. (10 Marks)

- 6 a. What is regional economic integration? (03 Marks)
b. Discuss the drivers of globalization. (07 Marks)
c. Explain how the exchange rate is determined. (10 Marks)

- 7 a. What is NAFTA? (03 Marks)
b. Discuss the objectives and principles of GATT. (07 Marks)
c. Discuss the country factors, technology factors and product factors in relation to facility location. (10 Marks)

8 Case study

Cultural barrier is one of the most talked about in international problem. It is however, very interesting to note that the cross border transmission of culture is very rampant. Many politicians, sociologists and others are highly critical of the invasion of the western culture in the developing countries. The export of American culture is interpreted as a means to spread American imperialism. The cococola culture or the corn flakes culture or the pop culture, the term which has come to be very broadly used to include, besides the pop music and associated things, the western products and styles such as foreign jeans, cola drinks, fast foods, Hollywood movies and the like the youth, particularly are crazy about, has fast spread to the developed and developing countries.

The emergence of culture as economic goods that can be traded – craft, music, films, TV programmes, software, books, tourism, etc has contributed very substantially to the globalization of culture.

A UNESCO study shows that world trade in goods with cultural content – printed matter, literature, music, visual arts, cinema and photographic, radio and TV equipment – has grown tremendously. For the United States, the largest single export industry is not aircraft, computers or automobiles – it is entertainment, in films and TV programmes. Hollywood films grossed more than \$ 30 billion worldwide in 1997, and in 1998, a single movie “Titanic” grossed more than \$ 1.8 billions. As the human development report, 1999 point out, the vehicles for this trade in cultural goods are the new technologies. Satellite communications technology from the mid – 1980’s gave rise to a powerful new medium, with a global reach and to such global media network as CNN. The development of the internet is also spreading culture around the world, over an expanded telecommunications infrastructure of fibre optics and parabolic antennas.

The report referred to above points out that the global market for cultural products is becoming concentrated, driving out small and local industries. At the core of the entertainment industries – Film, music and TV, – there is a growing dominance of US products, and many countries are seeing their local industries wither. Although India makes the most films each year, Hollywood reaches every market, getting more than 50% of its revenues from overseas, up from just 30% in 1980. It claimed 70% of the film market in Europe in 1996 up from 56% in 1987 – and 83% in Latin America and 50% in Japan. By contrast, foreign films rarely make it big in the United States, taking less than 3% of the market there.

Questions:

- a. What could be the reasons for the adoption, particularly by the youth, of the pop culture? (05 Marks)
- b. What strategies the domestic business should adopt to fight the adverse impact of the pop culture on their business? (05 Marks)
- c. In the light of above account, evaluate the view that culture is a highly difficult barrier in the international business. (10 Marks)

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Second Semester MBA Degree Examination, Dec.08 / Jan.09
International Business Management

Time: 3 hrs.

Max. Marks:100

Note : Answer any FOUR questions from Q-1 to Q-7 and Q-8 is compulsory.

- 1
 - a. Explain joint venture with suitable examples. (03 Marks)
 - b. What are the peculiarities of global strategic alliance? (07 Marks)
 - c. What are the dimensions of culture? Explain its importance in the international business. (10 Marks)
- 2
 - a. Distinguish between patents, copyrights and trade marks. (03 Marks)
 - b. Explain the concepts of tariffs and explain why subsidies are provided. (07 Marks)
 - c. What is regional integration? Why it is felt important in the international business? Explain. (10 Marks)
- 3
 - a. What is meant by absolute cost advantages? Give an example. (03 Marks)
 - b. How do political and legal factors affect the international business? (07 Marks)
 - c. Why do business firms prefer international business? Give suitable examples. (10 Marks)
- 4
 - a. Why is the Uruguay round negotiation felt important in the international business? (03 Marks)
 - b. What is FDI? Distinguish between acquisition and green field investment. (07 Marks)
 - c. How Heekscher-Ohlin theory is felt relevant in the global market scenario? Explain. (10 Marks)
- 5
 - a. Explain the concept of anti-dumping. (03 Marks)
 - b. What are the major functions of WTO? (07 Marks)
 - c. Write short notes on the following : (10 Marks)
 - i) SAARC ii) NAFTA iii) MERCOSUR iv) TRIPS
- 6
 - a. Distinguish between expatriation and repatriation. (03 Marks)
 - b. What are the factors to be considered while deciding the logistics in international business? (07 Marks)
 - c. Explain IMF and its funding facilities and strategies. (10 Marks)
- 7
 - a. What are the benefits of head quarters and subsidies relations in international business? (03 Marks)
 - b. What is PPP? Explain with an example. (07 Marks)
 - c. Discuss the micro and macro level indicators constituting economic environment of international business. (10 Marks)

8 Case Study :

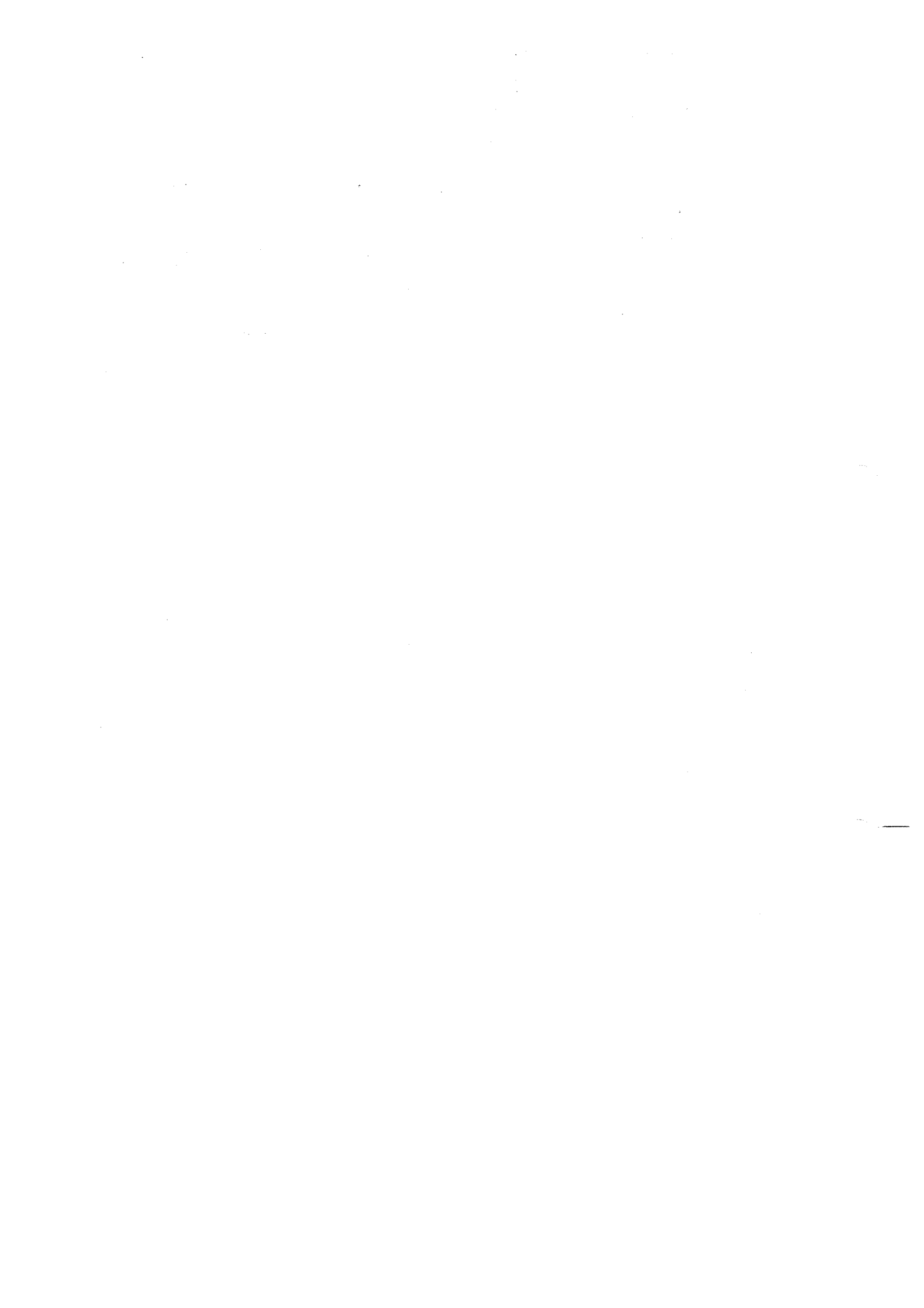
The US based FedEx corporation (FedEx), one of the world's largest logistics solutions provider has entered the Indian market through a Franchise to Jeena corporation. DHL and Blue Dart came together. Gatti a Hyderabad based company is seriously thinking of restructuring its business in collaboration with a Denmark based company. US based company (United Pareel Service) UPS is very serious about its business operations in India. In addition to these large players there are many national players in India. The business is becoming more and more competitive.

In the mean time FedEx in China offered full refund of customers money in case of late delivery of shipments. This is in response to UPS scheme to enhance its operations in China. For a long time, FedEx and UPS had been archrivals in China. FedEx had adopted a aggressive approach to increase its market share in China. On the other hand, UPS followed a more conservative and cautious approach while making inroads into the Chinese market.

It is widely believed that India is next hot spot. Logistics companies are concentrating on India. Indian textile, coffee, tea and industries in the manufacturing sector are expecting to give big business to logistics companies.

Questions :

- a. What are the advantages and disadvantages of fierce competition among different logistics companies? (05 Marks)
- b. What is the influence of logistics companies on international business? (05 Marks)
- c. What is the future for Indian logistics companies? (05 Marks)
- d. Does India offers the same scope that China offered to logistics companies to do business? How? (05 Marks)



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Second Semester MBA Degree Examination, June – July 2009

International Business Management

Time: 3 hrs.

Max. Marks:100

Note: Answer any FIVE full questions, Q No. 8 is compulsory.

- 1
 - a. What do you mean by market economy? (03 Marks)
 - b. Discuss the factors contributing to the ongoing shift towards an integrated and inter dependant global economy. (07 Marks)
 - c. Discuss the growing debate for and against globalization in the light of the present global economic crisis. (10 Marks)

- 2
 - a. What is meant by first mover advantage? (03 Marks)
 - b. List out the determinants of culture and comment on the statement, "culture is an evolutionary product". (07 Marks)
 - c. Define 'dumping' and explain the different types of dumping. How do you prove the prevalence of dumping within the WTO framework? (10 Marks)

- 3
 - a. Define logistics in the context global materials management. (03 Marks)
 - b. Discuss the different levels of economic integration. (07 Marks)
 - c. What measures, according to you, an MNC must take to strengthen the relationship between the headquarter and the subsidiaries? (10 Marks)

- 4
 - a. What is balance of payment and how is it arrived at? (03 Marks)
 - b. Give a brief account of the different entry modes in international business. (07 Marks)
 - c. Explain the determinants of national competitive advantage theory of Michael porter. What are the limitations of this theory? (10 Marks)

- 5
 - a. What are trading blocks? (03 Marks)
 - b. Explain the objectives and achievements of NAFTA. (07 Marks)
 - c. Discuss the genesis and functions of WTO. What are the stumbling blocks in the process of negotiations at WTO at present? (10 Marks)

- 6
 - a. Distinguish between mores and folk ways. (03 Marks)
 - b. Explain the nature and functions of foreign exchange market. (07 Marks)
 - c. Design an organization structure for an MNC, desirous of operating at the global level in the electronics industry. (10 Marks)

- 7
 - a. What are anti-dumping policies? (03 Marks)
 - b. Explain the role of ethics in international business in the light of the recent financial crisis. (07 Marks)
 - c. Discuss the funding facilities and strategies of world bank. (10 Marks)

8

Analyse the case given below and answer the questions given at the end :

When the North American Free trade agreement (NAFTA) went into effect in 1994, many expressed fears that large job losses in the U.S. textile industry would occur as companies moved production from the United States To Mexico. NAFTA opponents argued passionately, but unsuccessfully, that the treaty should not be adopted because of the negative impact it would have on U.S. employment.

A quick glance at the data available 10 years after the passage of NAFTA suggests the critics had a point. Between 1994 and 2004, production of apparel fell by 40 percent and production of textiles by 20 percent and this during a period when overall U.S. demand for apparel grew by almost 60 percent. During the same time frame, employment in textile mills in the United States dropped from 478,000 to 239,000 and employment in apparel plummeted from 858,000 to 296,000 while exports of apparel from Mexico to the United States surged from \$1.26 billion to \$3.84 billion. Such data seem to indicate that the job losses have been due to apparel production migrating from the United State to Mexico.

There is anecdotal evidence to support this conclusion. For example, in 1995, fruit of the Loom Inc., the largest manufacturer of underwear in the united states, said it would close six of its domestic plants and cut back operations at two others, laying off about 3,200 workers, or 12 percent of its U.S. workforce. The company announced the closures were part of its drive to move its operations to cheaper plants abroad, particularly in Mexico. Before the closures less than 30 percent of its sewing was done outside the United States, but Fruit of the Loom planned to move the majority of that work to Mexico. For textile manufacturers, the advantages of locating in Mexico include cheap labor and inputs. Labor rates in Mexico average between \$10 and \$20 a day, compared to \$10 to \$12 an hour for U.S. textile workers.

However, job losses in the U. S. textile industry do not mean that the overall effects of NAFTA have been negative. Clothing prices in the United States have also fallen since 1994 as textile production shifted from high-cost U.S. producers to lower cost Mexican producers. This benefits consumers, who now have more money to spend on other items. The cost of a typical pair of designer jeans, for example, fell from \$55 in 1994 to about \$48 today. In 1994, blank T-shirts wholesaled for \$24 a dozen. Now they sell for \$14 a dozen.

In addition to lower prices, the shift in textile production to Mexico also benefited the U.S. economy in other ways. Despite the move of fabric and apparel production to Mexico, exports have surged for U.S. yarn makers, many of which are in the chemical industry. Before the passage of NAFTA, U.S. yarn producers, such as E. I. du Pont, supplied only small amounts of product to Mexico. However, as apparel production moved to Mexico, exports of fabric and yarn to that country have surged. U.S. producers supply 70 percent of the raw material going to Mexican sewing shops. Between 1994 and 2004, U.S. cotton and yarn exports to Mexico grew from \$293 million to \$1.21 billion. Moreover, although the U.S. textile industry has lost jobs, advocates of NAFTA argue that the U.S. economy has benefited in the form of lower clothing prices and an increase in exports from fabric and yarn producers. NAFTA supporters argue that it has created trade, and U.S. consumers and producers in certain sectors are capturing these gains from trade. As always, the establishment of a free trade area creates winners and losers-and the losers have been employees in the textile industry—but advocates of free trade argue that the gains outweigh the losses.

Case Discussion Questions :

- a. Why did many textile jobs apparently migrate out of the united states in the years after the establishment of NAFTA? (05 Marks)
- b. Who gained from the process of readjustment in the textile industry after NAFTA? Who lost? (05 Marks)
- c. With hindsight, do you think it is better to protect vulnerable industries such as textiles, or to let them adjust to the new situations that follow entering into free trade agreements? What would the benefits of protection be? What would the costs be? (05 Marks)
- d. What role you think NAFTA can play under the present circumstance of global economic crisis? (05 Marks)

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Second Semester MBA Degree Examination, June-July 2009
International Business Management

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Questions No.8 is compulsory.

- 1 a. What is Foreign Exchange Market? (03 Marks)
b. Explain the different types of Non-tariff barriers of International trade. (07 Marks)
c. Bring out the objectives and functions of World Trade Organization (WTO) (10 Marks)
- 2 a. What are the differences between capitalism and Socialism? (03 Marks)
b. Discuss the different modes or methods of participating in International Business. (07 Marks)
c. Explain the comparative Advantage Theory with suitable examples. What are its assumptions and outcomes? (10 Marks)
- 3 a. Define 'multinational Company'. (03 Marks)
b. What are the various issues of the Arthur Dunkel's proposal in the Uruguay Round of GATT? (07 Marks)
c. What is economic environment? Explain the different kinds of Economic systems and their influence on I.B. (10 Marks)
- 4 a. Define Dumping. (03 Marks)
b. Explain the types of political risks involved in I.B. How to minimize the political risks? (07 Marks)
c. What are the different levels of Economic Integration amongst nations? Explain with examples. (10 Marks)
- 5 a. What are the differences between GATT and WTO? (03 Marks)
b. Explain briefly the drivers of Globalization. (07 Marks)
c. Discuss briefly the objectives and functions of International Monetary Fund (IMF) (10 Marks)
- 6 a. Differentiate between Patents, Copy Rights, and Trade Marks. (03 Marks)
b. Explain the impact of cultural diversity among the nations on international business. (07 Marks)
c. Explain the different characteristics of Domestic company, International company, Multinational company and Transnational company. (10 Marks)
- 7 a. Explain the different types of tariffs. (03 Marks)
b. Explain how the exchange rates are determined in foreign exchange market. (07 Marks)
c. What is globalization? Discuss briefly the arguments for and against globalization. (10 Marks)

8 CASE STUDY:

Google's Problems in China

US based Google Inc. (Google), the world's largest Internet Search Engine wanted to have a major share in China since the market was looking to be lucrative because of its size. Another reason for Google's interest of going to China was the country had the second largest number of Internet users after the US. In 2000 US based Google Inc. (Google) search engine, www.google.com started providing services in China having its server in US only. Google however emerged as a leading search engine in China in the initial years of its launch.

The Google faced a problem that its content had to pass through Chinese firewalls, which often stalled the browser and slowed it down. In the meantime in China, the government heavily censored the Internet content and users searching on Google's site experienced inordinate delays and high inconvenience. The government agencies in China used to censor the content on Google's site that violated the regulations while providing sensitive information relating to the Nation. By early 2004, users in China had thought that Google was unreliable and started using alternative search engines. By 2005, Chinese search Engine Company Baidu emerged as the leading internet search company in China. Google was seven times slower than its rival Baidu and Google itself was not happy with the way its services were being operated in the country.

To compete with Baidu, Google decided to launch a Chinese website www.google.cn. On January 25, 2006, Google announced that it was ready to censor the content itself that it made available in China as per the instruction of the government. The company announced, "In order to operate from China, we have removed some content from the search results available on Google.cn, in response to local law, regulation or policy."

Questions:

- i) Examine the problems faced by Google in China.
- ii) Comment on the legal and business environment in China.
- iii) Evaluate the impact of government regulations on the operation of foreign companies in China.
- iv) What strategy you recommend for smooth functioning of a foreign companies in China.

(20 Marks)

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Second Semester MBA Degree Examination, Dec.09/Jan.10
International Business Management

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from the Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.

- 1 a. Why do firms become multinational enterprises? (03 Marks)
b. Explain the various entry strategies of international business. (07 Marks)
c. Describe the cost comparative advantage theory with a suitable example. (10 Marks)
- 2 a. What is the significance of international business environment? (03 Marks)
b. Explain briefly the levels of economic integration amongst nations with examples. (07 Marks)
c. Discuss the propositions and implications of Raymond Vernon's international product life cycle theory. (10 Marks)
- 3 a. Explain Leontiff Paradox. (03 Marks)
b. How do different political systems affect the international business? (07 Marks)
c. Describe the political and economic arguments for intervention in trade. (10 Marks)
- 4 a. Write a short note on GATT. (03 Marks)
b. Describe the determinants of culture and its influence on international business. (07 Marks)
c. What is NAFTA? Who are the parties to the agreement? What are the contents and the objectives of the agreement? (10 Marks)
- 5 a. What are the functions of WTO? (03 Marks)
b. What is a multinational corporation? How is it different from a global company, international company and transnational corporation? (07 Marks)
c. Discuss the importance of SAARC for the health of Indian economy. (10 Marks)
- 6 a. Distinguish between balance of trade and balance of payments. (03 Marks)
b. Explain the role of ethics in international business. (07 Marks)
c. Discuss the various instruments of international trade policy. (10 Marks)
- 7 a. What is currency convertibility? (03 Marks)
b. Explain the functions and finding strategies of word bank. (07 Marks)
c. Describe the various aspects of headquarters and subsidiary relations in MNC. (10 Marks)

8 Case Study:

It all started with the takeover of Tetly in 2000. Then became Daewoo commercial (2004); Tyco Global (2004); Natsteel (2005); Teleglobe (2005); Brunner Mond (2005); Millenium steel (2006); Eight O' clock (2006); Ritz carlton (2006); Corus (2007); PT Bumi Resources with 30 percent stake (2007); and General Chem Partners (2008). The latest in the acquisition spree is the takeover of Jaguar and Land Rover (March 2008). The stake involved in all these buyouts is a whopping Rs.81,527 crore.

It is a moment of glory which any Indian should be proud of - particularly because of the timing of Jaguar and Land Rover deal. Compared to the Corus deal, which carried a price tag of Rs.53,850 crore, the buyout of the two brands, with Rs.9223 crore, is miniscule. But what makes it breathtaking? First, the deal has been struck when the world economy is dipping and companies everywhere are facing falling fortunes. Viewed against this background, Tata deal demonstrates how resilient and vibrant Indian companies are. Second, the brands acquired are no mean "also rans". Jaguar and Land Rover are world's top class brands with a long history. Land Rover was born in 1880 s and Jaguar in 1930 s. Third, the acquisition of the two brands marks a paradigm shift of the balance of power in financial and technological arenas. The power is shifting from west to east. Finally, from now onwards, Tata's name will be seen and heard in the premier markets of Europe and Americas.

Important Note: 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing identification, appeal to evaluator and/or equations written eg, 42+8=50, will be treated as malpractice.

Sentiments apart, challenges before Tatas are going to be hard nuts. Tata motors, the flagship company of Tatas which is deemed to have acquired Jaguar and Land Rover, has no experience in managing luxury brands. The Indian car maker is well known for offering rugged cheap cars, buses and trucks suiting to Indian buyers and Indian roads. Its costliest passenger vehicle, the Safari Dicor, is about Rs.1 lakh cheaper than the least expensive Land Rover. Will Tata motors be able to sustain the quality of the two brands?

The Indian market for the luxury cars is growing but is still small. The cheapest luxury cars are available in India, such as Honda Siel cars India Ltd.'s Accord, cost around Rs.15.5 lakhs. It is believed that some 5000 luxury cars are sold in India every year. True, some Indians do own and use high-end foreign brands, such as BMW, Mercedes-Benz, Audi and Lexus, but their numbers are still in the thousands, a fraction of the 1.4 million cars sold each year in the country's exploding market of automobiles. Nor the markets in Europe and America are promising because of the recession in their economies.

Trade unions of 16000 – strong Ford work force in UK, have in a way paved the way for Tata takeover. It is, these unions that, in principle, picked up Tatas as their first “preferential choice” as the bidder. The Tatas have now assured job security and better working conditions to British work force. This led the British worker feel reassured about his future, under the Indian management.

Ford has agreed to use finance arm to help its dealers and Tatas sell their cars for another 12 months. It will also supply engines and transfers some intellectual properties and offer engineering support. In spite of this, Tata might be required to pump in more money to develop new and improved products. Also, refinancing dept is likely to pose a big challenge to Tata Motors. It might find difficult to raise long-term debt in current environment. While Tatas managed to get a bridge loan of \$3 billion for a period of 12 months, it may have trouble raising debt to repay, as lenders have grown jittery over extending credit.

Thus the road ahead is humpy and bumpy. But going by the clout enjoyed by Tata Motors, the challenges may not be insurmountable. Tata Motors is a \$ 5.5 billion company, is the leader and second largest in passenger vehicles. The company is world's fifth largest medium and heavy commercial vehicle manufacturer.

The company's 22000 employees are guided by the vision to be “best in the manner in which we operate, best in the products we deliver and best in one value system and ethics”.

Established in 1945, Tata Motors' presence cuts across the length and breadth of India. Close to four million Tata vehicles ply on Indian roads, since 1954. Its manufacturing base is spread across Jamshedpur, Pune and Lucknow, supported by a nation-wide dealership, sales, services and spare parts network of over 2000 touch points.

The foundation of the company's growth over the last 50 years is a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer desired offerings through leading edge R and D with 1400 engineers and scientists. The company's research centre has enabled pioneering technologies and products. The company today has R and D centres in Pune, Jamshedpur, Lucknow, in India and in South Korea, Spain and UK.

With the announcement of the launch of 1 lakh rupee car Nano, Tata Motors has gained the attention of people around the world.

Questions:

- Do you think the challenges listed above are genuine? If yes, how do you think Tatas will face them? (05 Marks)
- With the widest range of cars (from the cheapest to the costliest) under its belt, how do you think Tata Motors will manage and sustain? (05 Marks)
- What are the contributions of R and D division of Tatas in its overall success? (05 Marks)
- Comment on the strategy of Tata group in acquiring companies for growth. (05 Marks)

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Second Semester MBA Degree Examination, May/June 2010
International Business Management

Time: 3 hrs.

Max. Marks:100

Note: 1. Answer any FOUR full questions from Q.No. 1 to 7.
2. Question No. 8 is compulsory.

- 1 a. What is globalization? (03 Marks)
b. Differentiate between domestic and international business. (07 Marks)
c. Explain the different modes and entry strategies of international business. (10 Marks)
- 2 a. Define the political system. (03 Marks)
b. What are ethical issues? List the actions for improving international business ethics. (07 Marks)
c. What is an economic system? Explain the types of economic systems and list out the determinants of economic development. (10 Marks)
- 3 a. Define mercantilism. (03 Marks)
b. Differentiate between absolute and comparative advantage. (07 Marks)
c. Explain national competitive advantage as explained by Michael Porter. (10 Marks)
- 4 a. Explain the need for formulating the international trade policy. (03 Marks)
b. How WTO is different from GATT? (07 Marks)
c. What are the various instruments of international trade policy? Explain all. (10 Marks)
- 5 a. What are the different levels of economic integration? (03 Marks)
b. Discuss the arguments for and against regional integration. (07 Marks)
c. Discuss the objectives and organization structure of SAARC. (10 Marks)
- 6 a. List the differences between a multinational corporation and a global corporation. (03 Marks)
b. Discuss the headquarters and subsidiary relations in MNCs. (07 Marks)
c. Explain the organization structure of MNCs, with respect to any one approach. Give its advantages and disadvantages. (10 Marks)
- 7 Write short notes on :
a. Foreign exchange market. b. Currency convertibility. c. IMF. d. World Bank. (20 Marks)
- 8 **CASE STUDY :** **The Coca – Cola Company goes worldwide with a local strategy**

Coca – Cola is the largest selling soft drink company in the world, but sales vary by nation. For example, Americans consume almost 30 gallons of coke annually, in contrast to Europeans who drink less than half this amount. In some countries, such as France, Italy and Portugal, the average is in the range of 10 gallons. In an effort to increase its European sales, the Coca – Cola company has been taking a number of steps.

One of these, has been to replace local franchisers who have become too complacent, with more active, market – driven sellers. In France, for example, Pernod, a Coca – Cola franchisee, was forced to sell some of its operations back to the Coca – Cola company which in turn, appointed a new marketing manager for the country. In addition, coke's price was lowered and advertising was sharply increased. As a result, per capita consumption in France has been going up.

In England, Beecham and Grand metropolitan used to be the Coca – Cola company's national bottlers, but that has now been turned over to Cadbury Schweppes, most famous for its Schweppes mixers. The latter immediately began a series of marketing programs, that resulted in sales tripling within three years.

In Germany the pace has been even faster. Beginning in the early 1990s, the Coca – Cola company identified East Germany as one of its primary targets and began building a distribution network there, to both package and sell coke locally. Meanwhile throughout the entire country the company has taken even bolder steps including the replacement of an inefficient bottling network and the institution of a new, well – financed marketing campaign. As a result, Germany is now the Coca – Cola company's largest and most profitable market in Europe.

But all of this has come at a price. For example, some government agencies and companies have expressed concern about the Coca – Cola company’s overriding emphasis on cost control and market growth and its willingness to push aside those who are unable to meet these goals. As a result, the EU’s competition directorate has been asked to investigate possible anti-competitiveness tactics. Meanwhile in the UK, the British Monopolies and Mergers Commission (now the competition commission) has investigated the Coca-Cola company regarding its joint venture with Schweppes. San Pellegrino, the mineral water company has filed a complaint with the commission of the European communities, contending that the Coca-Cola company abused its dominant position by giving discounts to Italian retailers who promised to stock only coke.

Yet, none of these actions has stopped the Coca – Cola company to establish a strong foothold in Europe. As the EU continues to eliminate all internal tariffs, it will be possible for a chain store with operations in France, Germany, Italy and the Netherlands to buy soft drinks from the lowest cost supplier on the continent and not have to worry about import duties for shipping them to the retail stores. So low cost and rapid delivery are going to be key strategic success factors in what is likely to be major “Cola war”. The Coca – Cola company believes that its current strategy puts it in an ideal position to win this battle, although recent developments shed some doubt on whether the company will be successful as it is forecasting.

On the positive side, Coca – Cola HBC, the world’s second largest coke bottler, has been strengthening its presence in eastern Europe, through the recent acquisition of its parent group’s bottling operations in the Baltic states and Russia. CC HBC is going to pay the Coca – Cola company \$ 200 million for territories that include the fast growing markets of Moscow and St. Petersburg as well as less developed operations in central and eastern Russia. At the same time, the Coca-Cola company is investing almost \$ 400 million in Russia and the Baltic in order to bolster sales and the market volume as projected to grow 20 percent annually, in this region.

On the other hand, the company has had a number of recent setbacks. Worldwide market growth has been flat and the Coca-Cola company’s effort to develop innovative, non carbonated products has not proven very successful. The company knows that, its future growth is going to depend heavily on its ability to supplement its current product line, with new offering, such as calcium - fortified waters, vitamin enriched drinks, and perhaps coffee and tea offerings. Worst of all perhaps, a few years ago the company began centralizing control and encouraging consolidation among its bottling partners. The Coca – Cola company believed that, by making all key operating decisions in Atlanta, it could drive up profitability. Unfortunately, at the same time that, it was pushing for this centralized type of operation, regional markets began demanding that the company be more responsive to local needs, In short, the Coca – Cola company was going global while the markets want it to go local.

The Coca – Cola company is now trying to turn things around. In particular, the firm is now implementing three principles that are designed to make it more locally responsive. First, the company is instituting a strategy of “Think local ; act local” by putting increased decision making in the hands of local managers. Second, the firm is focusing itself as a pure marketing company and pushing its brands on a regional basis and local basis rather than on a world – wide basis. Third the Coca – Cola company is now working to become a model citizen by reaching out to local communities and getting involved in civic and charitable activities.

In the past, the Coca – Cola company succeeded as a multinational because of its understanding and appeal to global commonalities. Today it is trying to hold its market share by better understanding and appealing to local differences.

Questions :

- a. Why is the Coca – Cola company making foreign direct investment in Europe? (05 Marks)
- b. How is the Coca – Cola company improving its factor conditions in Europe? (05 Marks)
- c. How is local rivalry helping to improve – The Coca – Cola company’s competitive advantage? (05 Marks)
- d. Is the Coca – Cola company a multinational enterprise? (05 Marks)
