

MBIB 3001

M.B.A. DEGREE EXAMINATION,
JUNE 2016.

Third Semester

International Business

INTERNATIONAL BUSINESS ENVIRONMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Elucidate the necessity to analyze political and legal environment for business.
2. Write down at least four different modes of entry into international business.
3. What is the IMF's mission and how has that changed over time?
4. Explain international commodity agreement with an example.

5. Write a short note on the impact of multinational companies on the host country.
6. What is technology transfer? Discuss briefly.
7. Discuss the economic nature of international business environment.
8. Define capital flow.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Give a detail explanation on the nature, scope and importance of international business.
10. How does the IMF set its policies?
11. What are the functions of WTO?
12. Describe in detail about the importance of non-licensing technology transfer.
13. What are the different kinds of foreign investment? And explain them in brief.

outside France, its home country. (Wal-Mart generated just 17% of its sales from the international operations.)

The global retailing market is still greatly fragmented, with the top 25retailers controlling just 18% of worldwide sales. Forecasts suggest an international consolidation is due, with Latin America, Southeast Asia and Eastern Europe being the battlegrounds.

Questions :

- (a) Why did Wal-Mart expand globally instead of focusing in USA?
- (b) Do you think that the globalization wave has helped Wal-Mart for entry into other countries?

14. What is technological environment? Write down the advantages of Technology to Business.

15. Discuss the importance of the Study of Geographical Environment for International Business.

16. Explain the difference between the International Monetary Fund and the World Bank.

PART C — (20 marks)

Compulsory.

17. Case study :

Wal-Mart was established in Arkansas in USA in 1962 by Sam Walton. Today it is America's biggest retailer, and in fact the largest retailer in the world. It differentiated itself from the competition through its HR practices, and efficient distribution system. Employees at Wal-Mart were called associates, and were ask to participate in decision making at each level. Also, Wal-Mart was one of the first companies to set up an effective information system that vastly improved their inventory management and distribution and distribution and supply capabilities.

In 1990, Wal-Mart realized that the American market would soon be saturated, and opportunities for growth were getting extremely limited. As American companies wishes to register double digit growth rates, and this was no longer possible in the USA, Wal-Mart decided to expand its operations to the global scene. Although critics said that Wal-Mart was too American a company to be effective anywhere else, their words were ignored as Wal-Mart opened stores in Mexico.

In Mexico, the Wal-Mart stores ran into problems, due to the following reasons :

- Wal-Mart managers anticipated good roads and infrastructure, which were not available. Hence, Wal-Mart's famed delivery service could not be replicated.
- Local suppliers could not match the service of suppliers in America, and delivery time and standards were not met.
- The stores originally kept merchandise that was relevant for the American market, but would not appeal to anyone in Mexico, such as ice skates, lawn mowers, etc.

After considerable time and effort, the situation in Mexico was rectified, through the following and is now a jewel in Wal-Mart's crown.

- Wal-Mart developed partnership with Mexican Trucking company, to help improve their delivery times and inventory management.

- Wal-Mart stores began stocking goods suited to Mexican taste.
- Wal-Mart's suppliers began to build factories in areas around Wal-Mart stores and distribution centres and this led to greater efficiency in the distribution network.

Having learned from the Mexican experience that it could compete outside USA, Wal-Mart decided to continue the expansion programme, and opened branches in Japan, Germany, Canada, Britain and South Korea. By 2002, the company had 1200 stores outside US, and generated revenues of \$35 billion from overseas sales.

There were several reason for Wal-Mart's international success, including border trade.

- Liberalization of foreign economies and removal of barriers to cross suppliers.
- The increased bargaining power that Wal-Mart now had over its global suppliers.
- Advances in Information Systems, and internet-based software that allowed Wal-Mart to exercise control over its global operations, in terms of pricing, inventory and profit data.

Wal-Mart realized that its international competitors would steal a march on it if it did not expand global. Carrefour, the second largest retailer in the world, is much more a global player than Wal-Mart is, with 50% of its sales generated

MBIB 3002

M.B.A. DEGREE EXAMINATION, JUNE 2016.

Third Semester

International Business

**MANAGEMENT OF MULTINATIONAL
CORPORATIONS**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE Questions out of the following.

1. Define Multinational Corporation. Explain the need for emergence of MNCs.
2. What are the factors to be considered in exporting?
3. Which reasons induce companies go for licensing?
4. What are turnkey contracts? Explain its suitability.
5. Describe the Multinational Strategic Management Process.
6. Explain Lickert's four systems of management.
7. Explain the methods of comparative management.
8. Write a note on locus of decision making.

PART B — (6 × 10 = 60 marks)

Answer any FIVE Questions out of the following.

9. Illustrate with examples how Indian corporate firms are venturing for global deals.
10. What are the important traditional theories of international Trade? Explain them briefly.
11. The study of multinational business is fine if you are going to work in a large MNC, but it has no relevance for individuals who are going to work in small firms. Evaluate this statement.
12. Discuss management styles based on use of authority.
13. Explain the merits and drawbacks of the functional organizational structure.
14. Discuss various product and promotion strategies of international marketing.
15. "21st century companies must take advantage of information technology-especially the internet" – Comment.
16. Discuss the role and significance of MNCs. How it will be helpful to India's GDP growth?

Questions :

PART C — (1 × 20 = 20 marks)

(a) How do you define strategy "If you fail to

compete with your close competitor, marry it"? Comment in the context of competition between Indian and China.

(Compulsory)

17. Case Study :

(b) Explain the limitations of Indian manufacturers in competing with the Chinese manufacturers.

If you don't want the Chinese to get you, get them. Even as the scare of low-cost, high quality Chinese imports flooding in has sent one section of India. Inc; Scurrying for Cover and Protectionism, organized players in the home appliance industry are taking advantage of it. Instead of lobbying to keep out the Chinese, companies like Bajaj Electrical and Japan Industries are switching over to Chinese manufacturers to source products for Indian Market, and they're not alone.

Chinese products are expected to have a significant impact on the consumer electronics segment like televisions and refrigerators in the next few years. Industry experts say that majors such as LG and Samsung would exit the television and other consumer durable business in the long

run and focus on digital products, making way for the Chinese makes. It's just sign of things to come. Consumer electronics experts predict that unless the Indian Policies change, Indian players will increasingly switch over to marketing Chinese Products in India.

Bajaj Electricals is bringing in a range of products - Fans and toasters- into India at Cheaper prices and providing the brand support and after-sales service here. Home appliances like toaster, iron, fans and microwave ovens are being brought in from China at rates which are cheaper by as much as 35 to 50 percent vis-à-vis other Indian makes. Mr. Shekar Bajaj, chairman and Managing Director of Bajaj Electricals says that the products imported from China are not only proving to be qualitatively better, but also 15-20 percent cheaper than those manufactured within the Country.

4

MBIB 3002

Mr. J.N. Agarwal, Managing Director of Japan Industries, a leading player in no-stick utensils, toasters, roti-makers and mixer grinders told ET that Japan is also planning to tie up with one of the Chinese manufacturers next year. "Chinese products are proving to be so competitive that it makes sense for us to tie up with them and market these products under our brand name in India", he said. These companies are moving over from local manufacturers to sourcing from China mainly because of better quality products at cheaper prices, thanks to their strong manufacturing bases and backward integration. It's just a sign of things to come. Industry circles say that a number of big distributors are planning to bring in Chinese products, which could well play complete havoc with the Indian Market.

5

MBIB 3002

MBIB 3003

M.B.A. DEGREE EXAMINATION, JUNE 2016.

Third Semester

International Business

INTERNATIONAL BUSINESS LAW

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What are the various factors that have contributed to increased globalization in the recent years?
2. Write short notes on :
 - (a) European Union
 - (b) NAFTA.
3. Write about any two modes of entry into internationalization process.
4. Differentiate FERA and FEMA.

5. Briefly discuss the concept of multilateral and bi-lateral treaties in the context of international trade.
6. List various rights and duties of agents and distributors engaged in international business.
7. Describe the various components of an e-commerce framework.
8. What are Intellectual Property Rights (IPRs)?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. "The onset of e-commerce phenomenon is a great advantage for growth of international business". Do you agree? If yes, justify with relevant examples.
10. Elaborate about the physical, social and competitive factors that differentiate global and domestic firms.
11. Elucidate the salient features and organizational structure of WTO.
12. Explain the concept of foreign direct investment and its relevance to the development of international trade with examples from Indian business scenario.

2

MBIB 3003

gave a disproportionate amount of power and benefits to large companies. Rather than being over taxed by the challenge of trading internationally, large companies could rely on their well-equipped international divisions to supervise imports and exports. Today, internet and telecommunications advancements have spread trade opportunities throughout the world, both in wealthy nations as well as deep into developing countries.

Questions :

- (i) How transparent do web sites like Alibaba.com make the import-export transaction? Would you still worry about any fraud that might take place using such sites?
- (ii) List the various benefits and costs of using sites like Alibaba.com to trade internationally. Is it reasonable to speculate that eventually most trade between SMEs might take place in the context of Alibaba.com?

7

MBIB 3003

16 regional sales and service centers across the country, as well as corporate offices in Beijing, Hongkong, USA and Europe with more than 5000 employees.

The advantage of Alibaba was great! Importers around the world can request bids from Chinese manufacturers for mind-boggling array of goods such as cookware, poker chips, washing machines or MP3 players. Also the product options were ever expanding. The users of Alibaba can find potential suppliers that often have the lowest costs in the world thereby eliminating the need to hire a representative in China to buy directly from the manufacturers on their behalf.

Historially, an importer often worried about being cheated by an unknown supplier in another part of the globe. Increasingly, as sites like Alibaba inject more transparency into the process of importing and exporting, buyers can worry less about frauds. Users of Alibaba can post information about their companies on the site as well as access information about the reliability of other users. Buyers can also have the option to access Alibaba's basic screening and back ground checks on its registered users. This seemingly simple system of checks and balances is how Alibaba makes money. As it has in other parts of the world, technology is creating opportunities for international traders. In the past, globalization

13. Describe any two of the following :

- (a) Anti dumping measures
- (b) GATS
- (c) TRIMs.

14. A variety of Indian laws and regulations impact the international business practices of Indian firms and global corporations. Justify.

15. Explain how political and legal framework of any nation impacts its international trade.

16. How do Indian accounting and taxation systems affect the functioning of MNCs in India?

PART C — (20 marks)

Compulsory

17. Case Study :

"A Little Electronic Magic"

Electronic commerce (E-commerce), by making it easier and cheaper to trade internationally, is changing the way companies around the world do business. Before the internet, tracking down a product to import or finding foreign customers to export to, were big challenges for the typical small and medium exporters (SMEs). These companies often had to rely on occasional trade shows,

followed by expensive and time-consuming travels to foreign lands, to identify possible products, check on potential suppliers or conduct primary market research.

Today, the internet provides a cost effective way for SMEs, even those on a little budget to clear these hurdles to do business. It has opened up a new era of business opportunities, making vital information, on any conceivable product and from virtually any market, accessible both readily and inexpensively. In addition, falling trade barriers due to WTO and more efficient logistics, from companies like FedEx, DHL and UPS, offer an array of possibilities for import and export that has fueled the growth of global trade. Many companies are taking advantage of online technologies to start or expand international trade. They rely on the internet as their primary channel for getting information, sourcing goods or services, finding suppliers, marketing their products and tapping into new markets.

Like many parts of the global economy, this sort of e-commerce is having a big impact in China. Spearheading this effort is Alibaba, a Chinese internet company that specializes in introducing manufacturers across China to buyers in China and beyond. Founded in 1999 by Jack Ma, who has been dubbed the father of the Chinese internet, the company has translated its mission to make doing business easier into impressive accomplishments. Operationally, managers at

4

MBIB 3003

Alibaba aim to enable an interactive community of millions to meet, chat trade and work online through an integrated e-commerce framework composed of these resources.

- (a) Alibaba.com – the world's largest online B2B market place for global and domestic China trade, reporting 3 million registered users from over 200 countries and territories.
- (b) Alisoft - A leading provider of easy-to-use web-based business software services for SMEs in China
- (c) Yahoo! China - A leading search engine and portal, acquired from Yahoo! Inc. in October 2005.
- (d) Taobao.com – Literally "digging treasure", this is Asia's largest consumer e-commerce web site.
- (e) Alipay – China's leading online payment service

Based in Hangzhou, about two hour drive south of Shanghai, Alibaba began operations with the goal of getting big by staying small. Jack Ma believes that his target customers are small businesses around the world - in his own words, 'shrimps' not 'whales'. On a typical day, the online community doing business on Alibaba.com numbers hundreds of thousands of buyers and sellers from more than 200 countries, seeking to initiate an import or export transaction. By 2007, Alibaba had

5

MBIB 3003

MBIB 3004

M.B.A. DEGREE EXAMINATION, JUNE 2016.

Third Semester

International Business

GLOBAL MARKETING MANAGEMENT

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is the nature of Global Marketing?
2. Distinguish between Domestic and International Marketing.
3. What do you know about EPRG scheme?
4. Outline the process of New product development.
5. What are the elements of Promotion mix?
6. Differentiate the concepts of Standardisation vs. product adaptation.

7. Describe the various elements of International advertising strategy.
8. Why is the bill of lading an important document in an export transaction?

PART B — (6 × 10 = 60 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Why has there been such an increase in interest by business firms in international and export marketing? Will this interest continue to increase? Why, or why not?
10. What are the global market entry strategies? Explain briefly.
11. What is international marketing environment? How does socio-cultural issues influence on international marketing decision?
12. What are the important issues in international branding?
13. "Packing influences the perception of an importer as regards capability of the exporter deliver the goods in safe condition". Do you agree? Explain.
14. List out various environmental factors that influence in international pricing decision.

(h) Failure to print services, sales and warranty messages in locally understood languages.

Correction: Print instructions, Sales messages, warranty, and so on, in the local language.

Just think how it would be if operating instructions on your new camera was in Japanese.

(i) Failure to consider use of an export management company or other marketing intermediary.

Correction: If the company does not have the personnel or capital to invest in experienced export staff, engage an appropriate intermediary.

Questions :

(i) Does a small company such as Murphy Company Limited have the capability of exporting? Explain. Would it be better for the company to expand its product line for the New Zealand market?

(ii) Evaluate the nine 'Common mistakes' in terms of their relative importance and impact on a company such as Murphy.

(f) Failure to treat international distributors on an equal basis with domestic counterparts.

Correction: Do not isolate you export distributors from domestic programs. Expand institutional advertising campaigns, special discount offers. Sales incentive programs, special credit-term programs, and so on, to include foreign distributors as equal partners. Otherwise, you run the risk of destroying the vitality of overseas marketing efforts.

(g) Unwillingness to modify products to meet regulations or cultural preferences of other countries.

Correction: Modifications necessary to be legal and locally competitive are best made at the factory. If modifications are not made at the factory, the distributor must make them usually at greater costs and, perhaps, not as well. As a result, the added cost may make your account less attractive for the distributor and less profitable for you.

15. Explain briefly the alternative product/communications strategies available to an exporter.

16. Explain the structure of international physical distribution and the significance of Logistics in this context.

PART C — (20 marks)

(Compulsory)

17. Case Study:

"Murphy Company Limited"

The Murphy Company Limited, located near Auckland, New Zealand, manufactured dishwashers and garbage pulverizers for home use, and cooking equipment and commercial pulverizers for restaurants.

A relatively young company, its products were highly regarded by housing contractors and builders. The company had a reputation for quality construction and for good and prompt after-installation service.

Although sales were still growing, managing director of Murphy, Bryan Murphy, realized that the within a few years. There is a relatively small

population and it is not growing appreciably. Therefore, he proposed exploring the possibility of exporting as a way to maintain growth. The export Institute was holding a two-day seminar in Wellington, the national capital, on opportunities for export by New Zealand companies. The director of marketing, Fred Murphy, along with his assistant Sam Murphy, decided to attend this seminar to see what these opportunities were and what types of assistance would be available to a company Limited, which had no export experience at all.

One of the presentations at the seminar was by Michelle Akory, an expert on export marketing and a university lecturer. Among the items that Ms Akory gave to the seminar participants was a listing of potential mistakes made by new exporters. This list is reproduced below:

- (a) Failure to obtain qualified export counseling and to develop a master international marketing plan before starting an export business.
- Correction:* Get qualified outside guidance
- (b) Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting.

4

MBIB 3004

Correction: Take a long-range view and establish a good foundation or do not get involved.

- (c) Insufficient care in selecting overseas agents or distributors.

Correction: Conduct a personal evaluation of the personnel handling your account, the distributor's facilities, and the management methods employed. Remember, your foreign distributor's reputation is your company's reputation wherever he represents you.

- (d) Chasing orders from around the world instead of establishing a basis for profitable operational and orderly growth.

Correction: Concentrate efforts in one or two geographical area at a time, then move on to the next selected geographical area.

- (e) Neglecting export business when the domestic market booms.

Correction: Make a long-term commitment to export business and do not neglect it or relegate it to a secondary place when the home market booms.

5

MBIB 3004

Similarly, the matters relating to classification cannot be raised before the commission. It is also specified that no application can be made unless the appellant has received a show cause notice issued by the proper Officer and the additional amount of duty accepted as payable by the applicant in his application exceeds two lakh rupees.

Such restrictions and many others borne out of interpretation of the statute invariably lead to interpretation of wordings there of and eventually to litigation. One may say, that as law evolves out of such interpretation and given the nascent stage of the provisions related to the said machinery, such issues would definitely have been unavoidable. Accordingly, in short span, the Settlement Commission has been besotted with certain teething issues, which have since been 'settled'.

Questions :

- (a) It shows there are lots of restrictions in appealing to settlement commission. Would you agree to it or not? Justify your answer.
- (b) Discuss the settlement mechanism in detail with reference to appeals and revisions.

MBIB 3005

M.B.A. DEGREE EXAMINATION, JUNE 2016.

Third Semester
International Business

EXIM FINANCING AND DOCUMENTATION

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is the difference between being certified and being registered?
2. When is pre-shipment inspection required?
3. State the importance of Export Credit.
4. Give a brief explanation about the importance of Bill of Lading.
5. What is custom duty?
6. Explain in brief any two types of duties that are levied in India on imports and exports.

7. How does EPCG works in export and import market?

8. What are the objectives of SEZ in India?

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. What is ISO 9000? Explain its advantages and disadvantages.

10. What is meant by marine insurance? Describe the claim procedure.

11. What is ECGC and how it protects exporters?

12. Classify the import goods which require special license. Elaborate the import procedure in detail.

13. Explain the implementation of DEPB rates.

14. What is export incentive? Describe the documents needed to be submitted.

15. Discuss in detail about the objectives and validity period of export houses.

16. Explain the various programs offered by EXIM bank of India for export finance.

2

MBIB 3005

PART C — (20 marks)

Compulsory.

17. Case Study :

The Settlement Commission is meant for providing a chance to the tax evader who wants to turn a new leaf, as recommended by the Direct Taxes Inquiry Committee, popularly known as the Wanchoo Committee. To achieve this objective, the Commission, so constituted, was empowered to grant partial or full waiver from imposition of penalty and interest and so also grant immunity from prosecution so as to lure the tax evader to "come clean".

Settlement Commission for Customs and Central Excise has continued to serve this purpose of an alternative channel for resolution of disputes.

The law makers, probably having taken the cue from Income Tax Act, 1961, stipulated certain conditions relating to filing of an application for settlement of cases in Customs and Excise, thereby restricting the scope of operation of the said machinery. Section 127 B of the Customs Act, 1962 provides filing of application by the applicant for the settlement of cases before Settlement Commission. Accordingly, the Settlement Commission cannot entertain cases which are pending with the Appellate Tribunal or in a court.

3

MBIB 3005