

[Dec-16]

[MPDBA-301]
MBA Degree Examination

III SEMESTER

INTERNATIONAL BUSINESS ENVIRONMENT
(Effective from the admitted batch 2015-16)

Time: 3 Hours

Max.Marks: 70

Instructions: All parts of the unit must be answered in one place only.
Figures in the right hand margin indicate marks allotted.

SECTION-A

1. Answer any Five of the following:

(5×2=20)

- a) State the importance of international trade
- b) Types of foreign trade entry modes
- c) Differentiate transnational companies and multinational companies
- d) List out the pro's and con's of globalization with respect to India
- e) What are the functions of IMF?
- f) Explain the impact of political environment on international business
- g) List out the Objectives of IBRD?
- h) Write a short note on international liquidity

SECTION-B

Answer all questions:

(5×9=45)

2. a) Define the term international business and what are the factors which influence the international business?

OR

- b) Explain the concept of Balance of Payments (BOP). Explain the methods of correction of disequilibrium in BOP?

3. a) Discuss the factors favoring globalization of Indian business

OR

- b) What is technology transfer? How it will develop a country's international trade discuss
- 4. a) Describe the role and performance of IMF and IBRD in managing international liquidity problems

OR

- b) State the objectives of SAARC. Explain the achievement of SAARC in integrating its members
- 5. a) What are the sources of disputes and dispute settlement techniques in international business scenario?

OR

- b) What key issues must be addressed by global companies that engage in E – Commerce?
- 6. a) Discuss the ethical issues in international business

OR

- b) What are the different components of E-commerce? Discuss

SECTION-C

7. Case Study (Compulsory):

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Four senior executives of the world's largest firms with extensive holdings outside the home country speak.

Company A: "We are a multinational firm. We distribute our products in about 100 countries. We manufacture in over 17 countries and do research and development in three countries. We look at all new investment projects both domestic and overseas- using exactly the same criteria"

The execution from Company A continuous, "of course most of the key posts in our subsidiaries are held by home-country nationals. Whenever replacements for these men are sought, it is the practice, if not the policy, to look next to you at the head office and pick someone (Usually a home country national) you know and trust"

Company B: "We are a multinational Firm- only 1 percent of the personnel in our affiliate companies are non-national. Most of these are US executives in temporary assignments. In all major markets, the affiliates managing director is of the local nationality"

He continues, "of course there are very few non-Americans in the key posts at headquarters. The few we have are so Americanized that we usually do not notice their nationality. Unfortunately, you cannot find good foreigners who are willing to live in the United States, were out headquarters is located - American executives are more mobile. In addition, American has the drive and initiative we like. In fact, the European nationals would prefer to report to an American rather than to some other European"

Company C: "We are a multinational Firm- Our product division executives have world wide profit responsibility. As our organizational chart shows, the United States is just one region on a par with Europe, Latin America, Africa, etc., in each division"

The executives from Company C goes on to explain "the World Wide product division concept is rather difficult to implement. The senior executives in charge of these divisions have little overseas experience. They have been promoted from domestic posts and tend to view foreign consumer needs as really basically the same as ours. Also, product division executives tend to focus on the domestic market because the domestic market is larger and generates more revenue than the fragmented foreign markets. The rewards are for global performance, but strategy is to focus on domestic. Most of our senior executives simply do not understand what happens overseas and really do not trust foreign executives, even those in key positions"

Company D (non-American): "We are a multinational Firm. We have at least 18 nationalities represented at our headquarters. Most senior executives speak at least two languages. About 30 percent of our staff at headquarters are foreigners"

He continues by explaining that "Since the voting shareholders must by law come from the home country, the home country's interest must be given careful consideration. But we are proud of our nationality; we should not be ashamed of it. In fact, many times we have been reluctant

to use home-country ideas overseas, to our detriment, especially in air U.S. subsidiary-our country produces good executives, who tend to stay with us a long time. It is harder to keep executives from the United States

Questions:

- 1) Which company is truly multinational?
- 2) What are the attributes of a truly multinational company?
- 3) Why quibble about how multinational a company is?

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