Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA (International Business) – SEMESTER 1 – EXAMINATION – WINTER 2018

Subject Code: 1519305 **Date:29/12/2018**

Subject Name: International Business

Time:10:30 am To 01:30 pm **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q. No.			Marks
Q.1	Explain the following terms: (a) Factor endowment (b) International business (c) MNC (d) Foreign Exchange market (e) Contract manufacturing (f) Economic union (g) Mixed economy		**14**
Q.2	**(a)**	Explain the strategic orientations towards international business.	**07**
	(b)	Define international business. Why is engaging into international business so important to India? What are its benefits?	**07**
		OR	
	(b)	Define globalization. What are the disadvantages of globalization?	**07**
Q.3	**(a)**	Explain the Factor Mobility theory and its relation to international trade.	**07**
	(b)	How will the culture of a foreign country influence exports from India to that country? Explain with the help of an example of a product being exported from India to that country.	**07**
		OR	
Q.3	**(a)**	What are the differences between domestic HRM and international HRM?	**07**
	(b)	What kind of branding decisions will you take while marketing an Indian brand abroad?	**07**
Q.4	**(a)**	What is Balance of Payments? Which are the major BoP categories?	**07**
	(b)	What is standardization and adaptation? Which products need to be adapted and which need to be standardized to an international market?	**07**
		OR	
Q.4	**(a)**	What is countertrade? Which are the major types of countertrade?	**07**
	(b)	What are the challenges of international business? Explain in the context of MNCs entering and operating in India.	**07**

Q.5		**Strategy in emerging markets:** It has been found that many multinationals find their sweet spot in emerging markets when they cater to the lower and the middle end of the market segments. In other words, contrary to popular perception, multinationals find that selling to these segments is much better than focusing on the top segment alone. The experience of Japanese companies which focused on the top segment in many emerging markets and which found that they were not succeeding is a case in point. This led to the Japanese auto majors to target the lower and middle end of the market segments in many Asian countries including India where the Japanese carmakers have targeted these segments with good results. Western multinationals are put off by the rigid bureaucracy and political interference in many emerging markets, which makes them reluctant to expand their operations. In this case, they can tie up with the local companies and enter into mergers or acquire local businesses. Often it is the case that many multinationals do not take the emerging markets as seriously as they would take the developed countries. This means that they do not send high performers and senior executives to head their operations in these countries. The net result is that they face a lack of talent to steer their operations in these countries. Of course, the fact that working and living in emerging markets like India, Brazil, and Russia is difficult for many expatriates from the West. However, this should not deter them from displaying commitment. Talking about commitment, many multinationals lose interest in emerging markets within a couple of years especially when the returns are not up to their expectations. With political risk and societal barriers impeding their growth, many western multinationals pull out or sell their stakes. The key aspect here is that since the western multinationals have deep pockets, it makes sense to the stay the course for at least five years and hence the commitment apart from sending top-notch talent has to be actualized. Multinationals do not have a choice but to expand into emerging markets since growth in the developed world has crawled to around 2% whereas even the most underperforming emerging markets are reporting 5% growth. Hence, the strategies to be followed by multinationals include the combination of the strategies discussed above along with more focus on the next "Breakout Nations" like Vietnam, Algeria, and Mexico. It remains to be seen as to how well the western multinationals adapt to the local conditions in these countries.	
	(a)	Which are the more preferable ways of entering emerging markets? Why?	**07**
	(b)	Which are the major challenges being faced by MNCs entering and operating in emerging markets?	**07**
		OR	
Q.5	(a)	Why do many MNCs focus on the middle or the lower income market segment in emerging markets?	**07**
	(b)	What reasons might compel MNCs to expand into emerging markets?	**07**

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