

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – WINTER 2018

Subject Code: 3539203

Date: 05/12/ 2018

Subject Name: International Business (IB)

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.1 Explain the following terms with suitable examples. 14**
- (a) Inflation
 - (b) Legal System
 - (c) Irrevocable Letter of Credit
 - (d) Bilateral Trade
 - (e) Value Chain
 - (f) Import Broker
 - (g) Supply Chain
- Q.2 (a) What is political risk? Discuss various types of political risks and its consequences. 07**
- (b) Company's culture is the product of a company's values, expectations and environment. Cultural differences affect the businesses in every country. Give arguments in support of the statement. 07**
- OR**
- (b) The type of economic system is a strong predictor of a country's present economic performances. Give arguments in support of the statement. 07**
- Q.3 (a) Define: Foreign Exchange Market. Explain major foreign exchange market in detail with suitable examples. 07**
- (b) WTO plays an important positive role for the international trades and it's always beneficial for the countries to trade trans-boundary – Elucidate the statement with examples. 07**
- OR**
- Q.3 (a) Write a brief note on IMF. 07**
- (b) Government intervention in trade affects the flow of imports and exports of goods and services between countries – Discuss various instruments of trade control use by government in international business. 07**
- Q.4 (a) Define: Exporting. Discuss phases of export development. Discuss advantages and disadvantages of exporting. 07**
- (b) MNEs experiencing pressure from global integration and pressure from local responsiveness in international trade journey. Discuss how MNEs can choose from four types of strategy within the context of Integration-Responsiveness (IR) grid with examples. 07**
- OR**
- Q.4 (a) What is organization structure? Discuss few common organizational structures for international business? 07**

- (b) Assume that you are manager of ABC Ltd. company operating in domestic market of India. Company has seen opportunity of expanding business into international market. You have been assigned responsibility of scanning potential international market for expansion. Discuss which variables or set of information you will collect and analyzed for further country selection decision.

Q.5

CASE STUDY: Global Sourcing In Aerospace Industry – AIRBUS

Over the last 60 years, the UK has built up a world leading position in the manufacturing and design of aircraft and wings. The UK Aerospace industry is the largest in Europe; a direct employer of more than 100,000 people; and a powerhouse within the UK economy, with a turnover of more than £20 billion a year. According to the 'Reach for the Skies Report' (2014), through to 2030, the forecast global demand for civil aerospace stands at 56,700 aircraft, valued at \$4.14billion, 27,000 of which will be 100-plus seat passenger aircraft (worth of \$3.2 trillion).

Buy or Outsource

The above evidences illustrate the increase in aircraft manufacturing to respond to the demand in the market place. The next generation of aircraft will be based on radically different technologies, requiring new manufacturing processes and placing new challenges on the UK supply chain if it is to remain globally competitive. Thus the UK aerospace industry needs to identify upcoming opportunities to broaden its base across the global market, selling to a wider range of aircraft and equipment manufacturers. It is argued that companies decide whether to 'buy or outsource' to get access to superior supply chain management expertise, technical expertise, and because outsourcing may open up markets for the firm's products or services.

Supplier Selection Strategy

In selecting suppliers, a firm must decide whether to use single sourcing or multiple suppliers. Single sourcing, can secure the supplier's sufficient business when the supplier has to make a significant buyer-specific investment. Choosing single sourcing depends on the industry. Airbus is cautious in choosing the supplier, as some of Airbus's suppliers are suppliers of its competitors. For the A380, the landing gear system and the nose are sourced from Canada. However, parts of the landing gear come from Poland to Canada. Valves are made by the Zodiac group which is a French corporation; the brakes, and aviation control system are outsourced from the US; and a lot of pumps and equipment are sourced locally from an English company because the UK aerospace industry is strong from a technology, supply chain and manufacturing perspective. Airbus also tends to multi-source some parts e.g. brakes which are consumables and they can be sourced from different suppliers. It is believed that having multiple sources ensures a degree of competition and also lower risk by providing a backup should a supplier fail to deliver.

One of the main concerns for Airbus in selecting its suppliers is whether the supplier has the necessary employees, skills, capability, financial performance, a good track record, manufacturing capability, and suppliers' supply network to make sure that the product works when it is needed to be available. On the top of that is the cost issue which is slightly complicated because it is not always the main driver due to the fact that Airbus doesn't always buy from the cheapest. They buy from someone whose overall package is sensible and suppliers who will provide support throughout the product life.

- (a) Explain various risks involved in global procurement strategy specifically of aerospace industry. **07**
- (b) Discuss Pros and Cons of Single sourcing and Multi sourcing strategy with reference to aerospace industry. **07**

OR

- Q.5**
- (a) What are managerial implications of Make or Buy strategy in aerospace industry? **07**
 - (b) Discuss in detail global marketing and manufacturing opportunities in aerospace industry. **07**

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