

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA Semester –IV Examination Dec. - 2011

Subject code: 840002**Date: 08/12/2011****Subject Name: International Business (IB)****Time: 02.30 pm – 05.30 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 (a)** Explain the following terms in brief: **07**
1. Globalization of Production
 2. Matrix structure of an MNC
 3. Ethical dilemmas in International Business
- (b)** Why is it beneficial for a country to indulge in International trade? **07**
Explain by drawing inputs from various International Trade Theories.

- Q.2 (a)** You are the International manager of a Japan business that has just developed a revolutionary new digital camera that can perform the same functions as existing digital camera but costs only half as much to manufacture. Several patents protect the unique design of this computer. Your CEO has asked you to formulate a recommendation for how to expand into U.S market. Your options are: **07**
1. To export from Japan
 2. To license a U.S firm to manufacture & market the digital camera in U.S
 3. To set up a wholly owned subsidiary in U.S.
- Evaluate the pros & cons of each alternative & suggest a course of action for your CEO.
- (b)** “Failure to perceive subtle distinctions in culturally determined behavior can result in misunderstandings in international dealings.” Discuss with help of suitable examples. **07**

OR

- (b)** What are the different instruments of trade policy that governments use to intervene in international trade? **07**
- Q.3 (a)** What are the main advantages & disadvantages of the ethnocentric, polycentric, & geocentric approaches to international staffing policy? **07**
- (b)** What is an IR Grid? How does it shape an MNC’s decision of when to use which type of strategy while entering and competing in the international environment? **07**

OR

- Q.3 (a)** Has globalization done more harm than led benefits to India? Give suitable examples supporting your argument. **07**
- (b)** Why might an accounting based control system provide headquarters with biased information about performance of its subsidiary? How can these biases be corrected? **07**
- Q.4 (a)** ABC, a multinational automobile firm has to decide whether to make a component part in-house or to contract it out to an independent supplier. **07**

Manufacturing that component requires a non-recoverable investment in specialized assets. The most efficient suppliers are located in countries with currencies that many foreign exchange analysts expect to appreciate over the next decade. What are the pros and cons of

1. Manufacturing the component in-house
2. Outsourcing manufacturing to an independent supplier?

Which option would you recommend & why?

- (b)** Differentiate between the following: **07**
1. Individualism Vs Collectivism
 2. Political risk Vs Economic risk

OR

- Q.4 (a)** Write short notes on the following: **07**
1. FX Swap
 2. WTO

- (b)** Export veterans often recount that selling abroad often comes with many challenges. Discuss in brief those challenges. **07**

- Q.5 (a)** Discuss the three types of economic systems. Give advantages & disadvantages of each. **07**

- (b)** Do you think that successful conclusion of multilateral agreement to liberalize regulations governing FDI will benefit the world economy? Why? **07**

OR

- Q.5 (a)** Explain how country's price inflation, interest rate & market psychology have an impact on its future exchange rate movements. **07**

- (b)** Within 20 years, we will have seen the emergence of enormous global markets for standardized consumer products. Do you agree with this statement? Justify your answer. **07**
