



PG – 783

IV Semester M.B.A. Degree Examination, July/August 2014  
(2007 – 08 Scheme)

Management  
Paper – 4.2 : INTERNATIONAL BUSINESS

Time : 3 Hours

Max. Marks : 75

**Instruction :** Answer all Sections.

SECTION – A

Answer **any six** questions. **Each** carries **two** marks.

(6x2=12)

1. a) Distinguish between foreign direct and indirect investment.
- b) What are multilateral agreement ?
- c) Give the meaning of common market.
- d) Name the institutions that provide export finance.
- e) What are terms of trade ?
- f) Name the organisation structures used by MNE's in international business operations.
- g) Name any two international institutions engaged in resolving conflicts in IB.
- h) What is a 'Brownfield' operation ?

SECTION – B

Answer **any three** questions. **Each** carries **8** marks.

(3x8=24)

2. Explain the role of culture in negotiations.
3. List out the functions of WTO in facilitating international trade and business.
4. Explain the 'Porter's Diamond'.
5. Explain the procedures involved in importing.
6. Discuss the problems and prospects of mergers and acquisitions in international markets.

P.T.O.



## SECTION – C

Answer **any two** questions. **Each** carries 12 marks.

(2×12=24)

7. Discuss the important regional blocks in the world market and explain the objectives of these blocks.
8. Discuss the balance of payments position of India for the last five years.
9. Explain the important indicators of a firm's performance in International Business. Also explain the methods of performance evaluation.

SECTION – D  
(Compulsory)

10. **Case study :**

(1×15=15)

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 executive from company A continues, "ofcourse 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, "Ofcourse 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 our headquarters is located. American executives are more mobile. In addition, American have 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 worldwide 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, specially in our 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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