

Indian Maritime University

(A Central University, Govt. of India)

MBA-International Transportation and Logistics Management/
Port and Shipping Management

PG22T2205/PG21T2205 (Semester II)

International Business

May/June 2018 End Semester Examinations

Time: 3 Hours

Date: 01.06.2018

Max Marks:60

Pass Marks:30

SECTION A

12 X 1=12 Marks

Answer all the questions

All the questions carry equal marks

1. International Business as business activity does not include:
 - a. Exporting and importing
 - b. Creation and transfer of resources
 - c. Knowhow and intellectual property rights
 - d. Cultural diversity of international business
2. India's largest trading partner as country is (the)
 - a. UK
 - b. USA
 - c. Japan
 - d. Sri Lanka
3. The GLOBE project involved 150 researchers collecting data on cultural values and management and leadership attributes from 18,000 managers across 62 countries in the area of
 - a. Telecommunications, food and banking industries
 - b. Telecommunications, shipping and finance
 - c. Telecommunications, insurance and outsourcing
 - d. Telecommunications alone
4. Who is involved in the regulation and supervision of financial systems?
 - a. World Bank
 - b. World Trade Organization
 - c. Asian Development Bank
 - d. None of the above
5. The tendency of a multinational to tailor its strategic plan to meet the needs of the local culture includes
 - a. Ethnocentric predisposition
 - b. Regiocentric predisposition
 - c. Polycentric predisposition
 - d. Geocentric predisposition

6. Globalization affects the production and consumption of products, culture, security, the environment, and
 - a. Exchange of ideas
 - b. Ideology
 - c. Centralized economy
 - d. Political system
7. On 1st April 2015, Government of India announced the new Foreign Trade Policy (FTP) for the period
 - a. 2015-2019
 - b. 2015-2018
 - c. 2015-2021
 - d. 2015-2020
8. What is known as the full range of activities bringing products or services from conception to production to consumption which involve intra and interfirm economic activities across the borders?
 - a. Value chains
 - b. Global value chains
 - c. Global production networks
 - d. Global supply chains
9. The Walt Disney Company may permit a German clothing retailer to market children's pajamas embroidered with Mickey Mouse's smiling face in return for a percentage of the company's sales. This business activity is known as
 - a. International franchising
 - b. International subcontracting
 - c. International management contract
 - d. None of the above
10. "Framework Agreements for the WTO" negotiated at
 - a. Uruguay round
 - b. Tokyo round
 - c. Kennedy round
 - d. Geneva round
11. A contract under which a firm agrees to fully design, construct, and equip a facility and then turn the project over to the purchaser when it is ready for operation
 - a. Management contract
 - b. Contract manufacturing
 - c. Outsourcing
 - d. Turnkey project

12. Who is the main governing body in matters related to EXIM Policy in India?
- Ministry of Commerce
 - Ministry of Finance
 - Directorate General of Foreign Trade (DGFT)
 - All the above

SECTION B

5 X 4 = 20 Marks

Answer any 5 out of 7 questions
Each answer should not exceed 200 words

13. "Globalization led to an intensification of international business activity"- Comment.
14. Write a brief note on India's major exports in focusing on agro products.
15. "Mercantilists believed that national prosperity resulted from achievement by maximizing exports and minimizing imports"- Comment.
16. Why tariff-related issues are there among other trade-related issues before the WTO even today?
17. Explain the concept of international accounting.
18. Critically examine the role of the World Bank Group (WBG) and the IMF.
19. Briefly explain Hofstede's five dimensions of culture.

SECTION C

4 X 7 = 28 Marks

Question No. 20 is compulsory
Answer any 3 out of 5 remaining questions
Each answer should not exceed 500 Words

20. Read the following *vignette (short piece of writing)* and answer the questions:

When outsourcing crosses national borders it is called offshoring, but over the last few years, British trade unions and US politicians have been campaigning to stop offshoring—at a time when a growing number of firms, including Lloyds TSB, HSBC, Abbey, IBM, and JP Morgan, are using India's service professionals. In the mid-2000s, India's high-tech sector was growing at 30 per cent per year and the volume of outsourcing contracts at 50 per cent per year. IT sector exports were \$ 12 billion in 2004 and rose to \$ 32 billion by 2007 and again to \$ 55 billion by 2014.

The growth of the Indian IT sector is surprising because it lacked the domestic factors typically associated with the development of a competitive

industry. First, local demand for software was non-existent. Second, related and supporting industries such as telecoms or computing were highly underdeveloped. Third, the national communication infrastructure was among the worst in the world. Fourth, despite India's relatively higher level of education in relation to other countries, it was nowhere near the level of the triad countries. Finally, financial capital was in short supply.

Clearly, some general conditions help account for the time of the growth period, not least the global shortage of software programming skills relative to demand. The imbalance between supply and demand pushed up the price of software skills, globally increasing the cheap labor advantage held by Indian firms. This, coupled with strong English language skills, made Indian programmers good substitutes for more expensive Western programmers. Software engineers technically trained in the United States and Europe had developed customer links to the major customer firms (banks, telecoms, IT companies, and so on) in the West and then returned to India to establish their own ventures.

New technologies enabled Indian firms to service the needs of overseas customers via satellite and the internet. Transportation costs are insignificant and the geographic time difference can be an asset, allowing Indian firms to work through the "Western night". Finally, the Indian government had identified software as an area of potential growth in the 1970s and supported it through the 1990s, when the industry began to explode. Another important factor has been the willingness of computer firms, such as Computer Associates, to invest in the Indian market.

A recent study by McKinsey estimates that for every dollar of US outsourcing, 78 cents are value created in the US and only 22 cents are retained by the foreign country. The British government is taking a different stand from the US government and is offshoring to India the IT systems for the National Health Service. It is no longer just IT jobs. Offshoring of accountant services, medical services, research, and data entry to India is also growing.

Offshoring does not always run smoothly. In case of call centres, despite employee training in different English accents, customers have complained of problems communicating. In addition, the cultures might clash. On the other hand, many argue that Indian workers are more professional and better educated than their Western counterparts. The industry might be attracting a disproportionate number of bright minds in India because of the relatively higher standard of living enjoyed by those in the industry.

Today, Indian IT firms like Tata Consultancy Services, Infosys Technology, Wipro Technologies, and Satyam Computer Services are diversifying their portfolios and increasingly relying on e-commerce and other internet-related businesses to cushion themselves against changes in the outsourcing market. Four factors drive this diversification: political risk from protectionists, rising wages, the rising value of the rupee, and growing competition from their nations such as China and Russia. (Source: Websites—www.ca.com; www.wipro.com; www.infosys.com; www.tata.com; www.satyam.com)

- a. Identify *precisely* the two mega trends and dominant strategy in this vignette?
- b. Porter's well-known 1990 study on the competitive advantage of nations describes factors that have promoted high rates of innovation in certain industries in certain countries. These are summarized as the Porter diamond framework showing how factor conditions, related and supporting industries, demand conditions, and the strategy, structure, and rivalry of other local firms can force continual improvements in productivity and new product development. How does the development of Indian IT fit into this framework?
- c. What factors must take into account for a firm considering outsourcing?
- d. What are the threats and opportunities for Western software firms arising from this shift in the competitive landscape? How are they strategically responding to these?

21. Write a detailed critique on India's FTP.

22. Explain the contemporary causes of globalization.

23. The international capital market is growing in sophistication as a result of technological advances in telecommunications and computers. In this context, how important are communications and computing technologies to the smooth functioning of the foreign-exchange market? If the technological advances of the past four decades were eliminated—for example, no PCs or satellite telecommunications—how would the foreign-exchange market be affected?

24. Examine the nature and strategic context of International Operations Management with any relevant case study.

25. "The theory of comparative advantage contends that trade depends on differences in comparative cost, and any nation can profitably trade with another even if its real costs are higher in every product that it produces.

This theory also implies that a nation need not be the first, second or even third-best producer of particular products to benefit from international trade." Bring out your assessments, comments, viewpoints and key takeaways with relevant examples.
