

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – EXAMINATION – SUMMER 2019

Subject Code: 2830006**Date:06/05/2019****Subject Name: International Business****Time: 2:30 PM To 5:30 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) Choose the correct option**06**

1 In _____, firm owns 100 percent of the stock.

A. Licensing	B. Wholly Owned Subsidiary
C. Franchising	D. Turnkey Project

2 Which of the following involves producing goods at home and then shipping them to the receiving country for sale?

A. Licensing	B. Monopoly
C. Alliance	D. Exporting

3 International business transactions include

A. Sales	B. Investments
C. Transportation	D. All of the above

4 Which of the following is not a democratic country:

A. USA	B. France
C. North Korea	D. India

5 Current Account records transactions of

A. Export and Import	B. FDI flows
C. FII flows	D. None of the above

6 Globalisation refers to

A. Globalization of markets	B. Globalization of production
C. Both A&B	D. None of the above

(b) Explain in brief

04

1. Totalitarianism
2. Intellectual property rights
3. Licensing
4. Exchange rate

(c) Explain Joint venture briefly

04

Q-2 (a) Define Globalization and discuss major criticisms of globalization.

07

(b) Define legal systems. Discuss Major legal issues in international business faced by many companies

07**OR**

(b) Discuss major components of Balance of Payments in detail.

07

Q-3 (a) Discuss major types of democracy in detail.

07

(b) How International business is different from domestic business? Explain.

07**OR**

- Q-3 (a) Explain the major features of foreign exchange market in detail. **07**
 (b) Write a short note on IMF and its role in world financial environment. **07**
- Q-4 (a) Discuss the benefits and problems with Franchise mode of doing business in other countries. **07**
 (b) Define and differentiate between Global Strategy and Multi-domestic strategy. **07**

OR

- Q-4 (a) Discuss the strategic advantages of exporting in detail. **07**
 (b) Discuss the merits and demerits of Foreign Direct Investment. **07**

- Q-5 **Read the following case and attempt the questions:** **14**

Strategic alliances are an increasingly significant core element in many firm's strategies to generate and sustain their competitive advantages in dynamic market environments.. Both partners bring to an alliance a trust that they will be stronger together than they would be separately. By developing strategic alliances, firms share their excess and/or complementary capabilities and resources with others and create a new entity to acquire competitive advantages.. Tata Global Beverages Limited and Starbucks Coffee Company announced a strategic alliance between the second largest branded tea company and iconic international coffee brand in the world. The 50:50 joint ventures, named TATA Starbucks Limited, owns and operates Starbucks cafés, branded as Starbucks Coffee "*A Tata Alliance.*" The first store has opened at Mumbai and subsequently 2 stores are opened at New Delhi in India on October, 2012. Presently, it owns and operates 60 stores in all the major cities in India. The alliance is expected to be very fruitful to both the companies in the long run. Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting the highest-quality "*Arabica*" coffee in the world. Today, with more than 17,000 stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Tata Global Beverages is a part of the global Tata Group. Tata Global Beverages is a global beverage business and the world's second largest tea company. The group's annual turnover is US \$1.5 bn and it employs around 3000 people worldwide. The Company focuses on "*good for you*" beverages and has a stable of innovative regional and global beverage brands, including "*Tata Tea, Tetley, Himalayan natural mineral water and Eight O'clock Coffee.*" Objective of Starbucks behind the deal to tap huge emerging market of India. Tata will get opportunity to jointly invest in additional facility for export to other markets. When alliances are efficiently managed, the participating firms can attain numerous benefits that eventually bring profitability. If companies utilizes proper strategic alliance, they can expand their product and service offerings substantially, without the usual corresponding investment in staff, equipment, and facilities

- (A) What is strategic Alliance? Discuss its importance in International Business.
 (B) Discuss how Tata and Starbucks benefits from such alliance?

OR

Samsonite began its operations in 1910 in Denver, Colorado, but it took many years to become a global firm after moving first through decentralized and then centralized supply-chain structures. By the end of the 1960s, Samsonite was manufacturing luggage in the Netherlands, Belgium, Spain, Mexico, and Japan; it was also marketing luggage worldwide through a variety of distributors. During the 1990s, Samsonite expanded throughout Eastern Europe and established several joint-venture operations in China and other parts of Asia as well. As Samsonite expanded throughout the world, it entered into subcontract arrangements in Asia and Eastern Europe for outsourced parts and finished goods in order to supplement its own production. By 2002, Samsonite's European operations alone had grown to six company-owned production facilities and one joint-venture facility, plus a series of subsidiaries, joint ventures, retail franchises, distributors and agents set up to service the European market. As Samsonite expanded throughout the world it began to subcontract work to factories in Asia and eastern Europe. This trend to outsource more and more of its production has been steadily increasing. By 2007, Samsonite had shut down several of its plants in Europe. Although it still produces the majority of its hard-side luggage internally, the company now sources 90% of its soft-side luggage from third-part manufacturers.

- (A) Describe the different dimensions of a global manufacturing strategy.
- (B) Discuss the benefits of global sourcing in the context of Samsonite.
