

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA (PART TIME) SEMESTER (5) – EXAMINATION – 2019

Subject Code: 3559904

Date: 03/12/ 2019

Subject Name: International Business

Time: 10:30am to 1:30 pm

Total Marks: 70

Instructions:

- Attempt all questions.
- Make suitable assumptions wherever necessary.
- Figures to the right indicate full marks.

Q. No.	Answer the following terms briefly	Marks
Q.1	a) FEMA b) FTDRA c) International Business d) Deemed Exports e) IEC Number f) Direct and indirect quotes g) Advantages of indirect exports	14
Q.2	(a) Explain an international marketer's orientations towards international business.	07
	(b) Explain the different types of economic systems.	07
OR		
	(b) Explain different political risks associated with international business.	07
Q.3	(a) Explain the different terms of payment, and explain documentary bills in detail.	07
	(b) Elaborate on the Indian Government's Institutional Infrastructure for Foreign Trade.	07
OR		
Q.3	(a) Explain Documentary Letter of Credit. What is the process of issuing an L/C? Which are the major different types of L/Cs?	07
	(b) Which are the various modes of entry available to a manufacturer of footwear from Gujarat, for entering into foreign markets? Explore all modes of entry available.	07
Q.4	Huawei's entry to India The story Huawei of China is the world's second- largest supplier of telecommunications equipment. The company has been expanding into international markets since 1997 but its brand has until recently remained	

little known outside its native country. One reason is that Huawei is a business-to-business supplier rather than consumer-focused. As part of its globalization strategy, Huawei decided to begin operations in India in 2000.

The challenge

In India, Huawei faced various difficulties. First, the company needed to build a strong and distinctive brand for non-Chinese markets. In India in particular, the telecoms equipment market was crowded. So Huawei needed to establish a reputation as a reliable partner and create a distinctive identity. Its Chinese roots worked against it on several levels. An enmity still exists between India and China, with an unresolved border dispute in the north and a history of armed conflict as recently as the 1970s. Also, many Indians perceive Chinese companies to be closed rather than transparent. Thus, Indian businesses often find it difficult to establish relations of trust with Chinese partners. Chinese companies also have a reputation – not always deserved – in India for producing low-quality goods. Similarly, Huawei was seen primarily as a low-price manufacturer, which meant its products were regarded as of low quality. The fact that the company spends 10 per cent of its profits a year, about \$3bn, on research and development, was not widely known.

The response

Huawei realized that in order to compete in India it would have to invest heavily and get to know the market and its particular features. With this in mind, it established R&D and service centers in India, and 90 per cent of the jobs created went to Indians. This helped to persuade skeptics that Huawei was interested in value creation in India, not just value extraction. Today, India is Huawei's second-largest research base outside China. At the company's two production plants in Chennai, Huawei staff work with local companies to help bring the latter's production quality up to international standards. The long-term plan is to source as many components locally as possible. Not only are such components cheaper, they also help local companies achieve higher-quality standards, making them more competitive, spreading skills and boosting the economy. Huawei has also begun promoting consumer products such as smart phones. Recently the company established a link with a leading Indian English-language news channel to sponsor a contest that projected Huawei smart phones as aspiration products, contrary to the prevailing low-quality perception of Chinese brands. To build an employer brand, Huawei has developed a strong culture of rewarding R&D talent and promoting Indian employees to managerial positions. The hope is that this will be an added boost to the company's reputation in the country, which has a strong young talent base in engineering. Strengths in research and innovation in India could help Huawei to enhance its reputation worldwide.

- (a) Identify the major factors impacting Huawei's entry into India. 07
- (b) How is Huawei managing its international HR function? 07

OR

- Q.4** (a) Which are the challenges foreign players faces in entering India? 07

- (b) Which kind of long-term international strategic approach is Huawei lining up for India? **07**

Q.5

Mahindra & Mahindra (M & M) is a major player in the tractor and certain segments of the automobile market in India. After an impressive growth for a few years, the tractor market in India has been stagnating during 1998-1999 to 2000-2001.

M & M has been selling its tractors and utility vehicles in foreign markets including USA. Some of the components for its products have been sourced from abroad. M & M has a 100 per cent subsidiary in USA, Mahindra USA, with a strong network of 100 dealers. Mahindra has a five per cent market share in the US market in the 20-30-horse power (HP) range.

As a part of the strategy aimed at building a global supply chain, Mahindra USA has signed a memorandum of understanding (MoU) with the Korean tractor major Tong Yang, a part of the \$ 2 billion Tong Yang Moolsam group, according to which Mahindra will source high horse power (mostly 25-40 hp range) and sell them around the world under the M & M brand name. To start with, the premium range of tractors will be sold in the US.

M & M's current tractor range is more utility-oriented and lacks the aesthetic appeal that Tong Yang's tractors have, a must for a strong presence in the US market.

- (a) What are the advantages and disadvantages of global sourcing? **07**
(b) How does the strategic alliance with Tong Yang benefit M & M?

OR

Q.5

- (a) How will the foreign market expansion help M & M? **07**
(b) What are the possible risks of the alliance? How can they be overcome/minimized?
