

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER-IV • EXAMINATION – SUMMER 2013****Subject Code: 840002****Date: 16-05-2013****Subject Name: International Business****Time: 14:30 pm – 17:30pm****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) What are the forces driving globalization? Is there any difference between Domestic and International Business? **07**
- (b) Choose two countries that are culturally diverse. Compare the cultures of those countries and discuss the ways in which cultural differences will affect the cost of doing business in each. **07**

- Q.2** (a) Identify companies, both domestic and foreign, that operate internationally. Explore the possible sources of political risk for each of those firms, given (i) the countries in which they have a presence and (ii) the basic nature of their products and operations. **07**
- (b) Why do you think the world's largest theme park operator, the Walt Disney Co., was motivated to establish parks in Tokyo, Paris, and Hong Kong? What particular market characteristics of each of those sites were especially attractive? **07**

OR

- (b) Managers often study many second-order indicators of economic performance and potential, including inflation, unemployment, debt, income distribution, poverty, and the balance of payments. Consider which of these indicators may be more relevant to the assessment of an industrialized economy as compared to the assessment of an emerging economy. **07**
- Q.3** (a) Illustrate the major means by which trade is restricted and regulated. **07**
- (b) Write short notes on:- **07**
- i) EU ii) IMF

OR

- Q.3** (a) What does the WTO do? How is it different from GATT? Explain. **07**
- (b) Imagine that Canada, United States, and Mexico decide to adopt a fixed exchange rate system. What should be the likely consequences of such a system for a) International Businesses and b) the flow of trade and investment among the three countries? **07**

- Q.4** (a) Explain how the foreign exchange market works? Why the dollar is so widely traded? **07**
- (b) What are the various strategies firms use in international business? Explain with suitable examples. **07**

OR

- Q.4** (a) What are the major opportunity and risk variables a company should consider when deciding whether and where to expand abroad? **07**
- (b) You are the assistant to the CEO of a small textile firm that manufactures quality, premium priced, stylish clothing. The CEO has decided to see what the opportunities are for exporting (direct or indirect) and has asked for **07**

advice as to the steps the company should take. What advice would you give to CEO?

- Q.5 (a)** A firm must decide whether to make a component part in-house or to contract it out to an independent supplier. Manufacturing the part 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 substantially over the next decade. What are the pro and cons of :- **07**

a) manufacturing the components in-house and

b) outsource manufacturing to an independent supplier?

Which option would you recommend and why?

- (b)** Why firms alter products and what are the alteration costs? **07**

OR

- Q.5 (a)** What are the main causes and consequences of expatriate employees and how might a firm reduce the occurrence of such problems? **07**

- (b)** Why do accounting systems of different countries differ? Why do these differences matter? **07**
