

Seat No.: \_\_\_\_\_

Enrolment No. \_\_\_\_\_

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER 3 – EXAMINATION – WINTER 2015**

**Subject Code: 2830006**

**Date: 02/12/2015**

**Subject Name: International Business**

**Time: 10.30 AM to 01.30 PM**

**Total Marks: 70**

**Instructions:**

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

**6**

**Q.1** Answer the following multiple choice questions.

- (a)
1. ....is application of knowledge which redefine the boundaries of global business  
A. Cultural Values B. Society  
C. Technology D. Economy  
Capitalistic, communistic and Mixed are the types of
  2. A. Economic System B. Social System  
C. Political System D. Cultural System
  - Which is not an Indian Multinational Company?  
3. A. Unilever B. Asian Paints  
C. Piramal D. Wipro
  - .....is only a legal agreement and it is not an institution, but.....is a permanent institution.  
4. A. GATT, WTO B. WTO, GATT  
C. WTO, IMF D. IMF, GATT
  - \_\_\_\_\_ is the first step in the internationalization process.  
5. A. License B. Foreign Investment  
C. Sales D. Export
  - MNC Stands for  
A. Multi National Cooperation B. Multi National Corporation  
6. C. Multi National Company D. Multi National Collaboration

**Q.1 (b)** Briefly explain the following terms

**04**

1. Ethnocentrism
2. Transnational Corporation
3. Counter Trade
4. Globalization

**Q.1 (c)** Differentiate between GATT and WTO?

**04**

**Q.2 (a)** Discuss the significance and drivers of international business.

**07**

**(b)** What is Regional Economic Integration explain with its all possible levels?

**07**

**OR**

- (b) What is NAFTA? What are its objectives and Major Contributions? 07
- Q.3 (a) Explain International business environment in the terms of Cultural and Demographic Environment. 07
- (b) What are the factors affecting Government Influence on Trade and Investment? Explain with suitable examples. 07
- OR**
- Q.3 (a) “All nations have their own constitutions”. Discuss the statement in the light of Political and Legal Business Environment. 07
- (b) What are the factors affecting Exchange rates. Explain with suitable Examples. 07
- Q.4 (a) What is Exporting and how it can be done in International Market? 07
- (b) What is Multinational Corporations? Why do developing countries allow MNCs to operate in their countries? 07
- OR**
- Q.4 (a) Why is organizational structure important? What form of organizational structure is best suited to a custom made product produced in a stable environment and a mass product produced in an unstable? 07
- (b) What factors influence the decision regarding location of production facilities? What complexities and trade-offs might be involved? 07

Q.5 Case Study: Hilfiger Strategies 14

The early success of the Hilfiger brand was largely due to two men, the U.S. designer Tommy Hilfiger and the Indian textile magnate Mohan Murjani. Sales success came quickly for the Hilfiger brand, but Murjani International faced financial problems. Mohan Murjani had many other brand names to manage and found it difficult to separate them. Tommy Hilfiger made some changes: moved their headquarters to Hong Kong went public on the New York Stock Exchange in 1982 in 2006, the Apex Partner Fund in London, that took the company private again and moved the headquarters from Hong Kong to the Netherlands. The expansion into Europe has been due largely to expansion problems in the United States, where clothing sales in general have growing at less than five percent per year, much slower than in some foreign markets.

**Promotion and Branding:**

Hilfiger’s promotion and branding have been so intertwined that it is almost impossible to separate them. At the beginning, Murjani saw two primary needs:

- convince stores to stock a new brand
- convince customers to want them

**Product and Price:**

- From the start, Hilfiger clothes have been casual and of good quality. Hilfiger line is very distinctive
- Hilfiger has encountered some negative reactions abroad to its image of being a U.S. brand
- Europeans tend to see France and Italy as the centers of up-scale fashions. Hilfiger has adjusted to European preferences by increasing

production costs

**Distribution:**

- Hilfiger operates in three primary areas sectors:
  - wholesale
  - retail
  - licensing
- Hilfiger's retail sector is carried out in two types of situations:
  - Hilfiger uses licensing to expand its line
  - Hilfiger's licenses for production and sales in markets it cannot yet enter independently, such as Japan, the Middle East and South America

**The Future:**

- Future growth for Hilfiger depends both of expansion internationally and re-vamping slow growth in the United States

**Questions:**

1. What factors have led to higher prices in Europe than in the United States for Hilfiger merchandise? What problems might Hilfiger encounter by having higher prices in Europe than in the United States?
2. What strategies would you recommend for clothing companies outside France and Italy to overcome the positive images of "made in France" and "made in Italy?" What might Hilfiger do?

**OR**

**Q.5**

Case Study: International Airline

**14**

Most of the world's major airlines are in or have announced they will join an alliance whereby they combine routes, sales, airline terminal services, and frequent-flier programs. Many airlines hold ownership in other airlines.

**Regulatory Factors:**

Governments can further protect their airlines by regulating the following:

- Which foreign carriers have landing rights
- Which airports and aircraft the carriers can use
- Frequency of flights
- Whether foreign carriers can fly beyond the country
- Over flight privileges Fares they can charge

Factors influence governments' protection of their airlines:

- Countries believe they can save money by maintaining small air forces and relying on domestic airlines in times of unusual air transport needs
- In the past, airlines were heavily subsidized to carry mail overseas, now it's not so, because mail subsidies no longer are very important internationally
- Public opinion favors spending "at home," especially for government-paid travel
- Airlines are a source of national pride, and aircraft symbolize a country's sovereignty and technical competence
- Countries have worried about protecting their airspace for security reasons

**Cost factors:**

- Certain airlines dominate certain international airports and they share costs, such as baggage handlers and baggage handling equipment, with other airlines to spread costs
- Airlines sometimes make market agreements to fly on alternate

days when traffic on a route is low

- The high cost of maintenance and reservations systems has led to joint ventures between airlines

**Competitive Factors:**

A number of airlines have established marketing agreements to complement their route structures. A problem with these marketing agreements is that the connections from one airline to another show up as separate route codes in reservations systems

**Management of Alliance:**

A problem in the proliferation of alliances is that relationships are intertwined among so many airlines, it's difficult to determine whether companies are competing, cooperating, or colluding.

**Questions:**

1. Discuss a question raised by the manager of route strategy of American Airlines: Why should an airline not be able to establish service anywhere in the world simply by demonstrating that it can and will comply with the local labor and business laws of the host country?
2. What will be the consequences if a few large airlines or networks come to dominate global air service?

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