

## MANAGEMENT PROGRAMME

Term-End Examination

December, 2014

### MS-97 : INTERNATIONAL BUSINESS

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

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**Note :** (i) There are **two** Sections : **A** and **B**

(ii) Attempt **any four** questions from **Section A** and **any one** question from **Section B**. All questions carry **equal marks**.

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#### SECTION - A

1. Compare Adam Smith's **theory of absolute cost advantage** with Ricardo's **comparative cost theory of international trade**. What is common between the two and what is not common ?
2. (a) Differentiate the evolutionary pattern of MNEs that originated from Europe from those that originated from Japan.  
(b) How would you identify the environmental volatility of a given company engaged in international business ?
3. (a) What methods/techniques an MNE can follow to promote a common culture among all its businesses across the globe that would also be conducive for control ? Explain with examples.

- (b) What policies and practices an MNE could follow to minimize the possibility of hostility/conflict in its operations in a foreign country ?
4. (a) Describe the approaches that a multinational firm might use for meeting its manpower/staffing requirements. What are the trends ?
- (b) "There are certain issues about which the governments of developing countries are concerned before allowing multinationals to operate in their countries". What are these issues in general which the managers of such enterprises should identify before starting negotiations ?
5. Write notes on **any two** of the following :
- (a) What factors an MNE would consider before deciding about FDI ?
- (b) Objectives of trade groupings and SAARC
- (c) WTO
- (d) Make or buy decisions in relation to production in international business

### SECTION - B

6. A foreign MNE which wants to start business in India is undecided about what ownership strategy would be suitable for it. It has various options available : joint venture-ranging from minority to 100% ownership, etc. The company seeks your services to explain to it the factors on which its ownership strategy would depend and the optimum ownership strategy, selection of the local firm or associate as partner in the joint venture etc. What options would you suggest the MNE ? Justify.

7. A German MNE has decided to establish its business operations in India and are on the threshold of conducting the inevitable negotiations. The company seeks your expert opinion on how could they best **manage** the forthcoming negotiations with their Indian counterparts, including the planning and preparation for negotiations and the skills their negotiators are supposed to possess. Prepare a detailed note for submission to the company.
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