

**Department of MBA**  
**CMRIT Bengaluru**  
**QP and Answer scheme**  
**International Business - 22MBA401**  
**VTU Sem exam 2023 Batch Second semester**

Q No	Su No.	Question and Answer:
1.	a.	Define International Business
		International business (IB) is the exchange of goods, services, technology, capital, and knowledge across national borders
	b.	Scope of International Business
		<p>Trade: The exchange of goods and services between countries, which can be exports, imports, or entrepot trade</p> <p>Services: The trade of intangible services, such as tourism, transportation, banking, and advertising, which is also known as invisible trade</p> <p>Cross-cultural management: Managing people from different cultures who work together in an international business</p> <p>Responsibilities of a Managerial Economist</p> <p>Global marketing: Targeting customers in multiple countries while adjusting to their needs and culture</p> <p>Foreign direct investment: When companies invest in other countries, either by purchasing an existing company or starting a new one</p> <p>Licensing and franchising: Licensing and franchising products and brands across borders</p>
	c.	Process of Internatiolization
		<p>Answer:</p> <ul style="list-style-type: none"> <li>▪ Domestic Stage: ...</li> <li>▪ International Stage. ...</li> <li>▪ Multi-National Stage (MNC) ...</li> <li>▪ Global Stage. ...</li> <li>▪ Transnational Company. Retain confidence among investors and creditors.</li> </ul>
2.	a.	What is Business Enviroment
		The international business environment (IBE) is the complex network of factors that impact how businesses operate in the global market. These factors include economic, political, legal, cultural, and technological aspects
	b.	Horizontal vs Vertical FDI
		<p>Answer:</p> <ol style="list-style-type: none"> <li>1. Horizontal and vertical foreign direct investment (FDI) are two main types of FDI that differ in how a business conducts activities in a foreign country:</li> <li>2. Horizontal FDI</li> <li>3. A business conducts the same activities in a foreign country as it does in its home country. For example, a U.S.-based cellphone provider opening a chain of stores in China is a horizontal FDI.</li> <li>4. Vertical FDI</li> <li>5. A business moves to a different level of the supply chain in a foreign country. For example, a U.S. manufacturer might acquire a foreign company that supplies it with raw materials.</li> </ol>
	c.	CSR in International Business
		Answer:

1. Social and Environmental Footprint: International businesses have a global footprint that can influence societies and ecosystems across borders. Embracing CSR ensures responsible business practices that minimize negative impacts on local communities and the environment.

Cultural Sensitivity: Operating in diverse cultural contexts requires businesses to be sensitive to the social norms and values of different regions. CSR initiatives must be adapted to respect and support the unique needs of local communities.

2. Supply Chain Ethics

Global Supply Chains: International businesses often have complex supply chains involving suppliers from various countries. CSR practices in supply chain management ensure ethical sourcing, fair labor practices, and sustainable production processes.

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3.	a.	3 elements of Theories of International Business
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Answer:

Mercantilism  
A classical theory  
Absolute advantage  
Country similarity theory

	b.	Explain Comparative Cost Advantage Theory
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Answer:

Comparative advantage  
The idea that someone or something has a lower cost of producing something than others. It's not the same as being the best at something.

Opportunity cost  
The cost in terms of other goods given up when choosing one alternative over others.

Specialization  
When an individual or country allocates most or all of its resources towards the production of a particular good or service.

Trade  
The exchange of goods, services, or resources between one economic agent and another.

	c.	Explain Porter's theory of national competitive advantage
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Answer:

- Michael Porter's theory of national competitive advantage, also known as the Porter Diamond Theory of National Advantage, explains how countries gain and maintain a competitive advantage in certain industries:
- The diamond
- The theory is represented by a diamond, with each point representing one of four factors that determine a country's competitive advantage:
- Factor conditions
- Domestic demand
- Related and supporting industries

4.	a.	Define International Institutions
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Answer:

An international institution is a formal organization that operates at an international level and involves more than one state. International institutions can be governmental or non-governmental. Some examples of international institutions include:

World Trade Organization (WTO): The only global organization that regulates trade rules between nations

	b.	Explain the role of UNCTAD
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Answer:

- The main goals of UNCTAD are to expand the capabilities of developing countries in the sphere of trade, investment and development, to assist them in overcoming

the difficulties arisen as a result of globalization and to integrate on an equal footing into the world economy.		
	c.	Explain regional economic integration in America
<p>Answer:</p> <ul style="list-style-type: none"> <li>○ North American Free Trade Agreement (NAFTA)</li> <li>○ This agreement was signed in 1994 between the United States, Canada, and Mexico. NAFTA's goals were to increase trade and economic growth, and to improve the competitiveness of the three countries. NAFTA removed most tariffs and other trade barriers, and opened up sectors like services, agriculture, and investment. The agreement was replaced by the United States-Mexico-Canada Agreement (USMCA) in 2020.</li> <li>○ Free Trade Area of the Americas (FTAA)</li> <li>○ A consensus was reached in 1994 to establish the FTAA in 2004.</li> <li>○ I2U2</li> <li>○ The United States and partner countries collaborate through I2U2 to improve sustainability and resilience in areas like food and water security, energy, space, transportation, health, and technology.</li> <li>○ ASEAN</li> <li>○ Over 4,200 U.S. companies operate in ASEAN, including 70% of U.S. companies listed on the Fortune 500</li> </ul>		
5.	a.	Define MNCS
<p>Answer:</p> <p>A multinational corporation (MNC) is a company that operates in its home country, as well as in other countries around the world. It maintains a central office located in one country, which coordinates the management of all of its other offices, such as administrative branches or factories.</p>		
	b.	Differentiate between Regionalism Vs Multilateralism
<p>Answer:</p> <p><b>Regionalism</b> A policy that aims to reduce trade barriers between a subset of countries. Regionalism can be between countries in the same region, or between countries on different continents. Regionalism can grant preferential conditions to trading partners compared to other countries.</p> <p><b>Multilateralism</b> A process of organizing relations between two or more powers for the sake of trade liberalization. Multilateralism can involve negotiations among three or more states through diplomatic or governmental representatives.</p>		
	c.	Explain the role of MNCS in the globe
<p>Answer:</p> <p>Multinational corporations (MNCs) have a significant role in the global economy, including:</p> <p>Economic growth: MNCs create jobs, attract foreign investment, and drive economic growth in their host countries.</p> <p>Technology and innovation: MNCs promote the spread of new technologies and innovative practices.</p> <p>Global trade: MNCs help integrate countries into the global economy by establishing trade linkages and facilitating the distribution of goods and services.</p> <p>International relations: MNCs can influence national trade policies and international relations.</p> <p>Global poverty: MNCs can help reduce world poverty by improving capital flows and channeling wealth to nations with declining capital.</p>		
6.	a.	Define International Marketing
<p>Answer:</p> <p>International marketing is the marketing of products or services outside of your brand's domestic audience.</p>		
	b.	Explain the role of GHRM

Answer:

Key Role of GHRM

Recruitment and hiring.  
Training and development.  
Employer-employee relations.  
Maintain company culture.  
Manage employee benefits.  
Create a safe work environment.  
Handle disciplinary actions.

c. Explain the concept of International Production manufacturing system

Answer:

1. An international production manufacturing system is a global value chain that organizes and distributes production activities and functions. It extends from the development and sourcing of technology to the distribution and marketing of the final product.
2. Here are some characteristics of international production manufacturing systems:
3. Division of labor
4. International production is characterized by a sophisticated division of labor within a company.
5. Non-equity arrangements
6. Companies may carry out international production through non-equity arrangements such as franchising, subcontracting, and licensing.
7. Specialization
8. Nations specialize in different stages of production or branches of manufacturing within an industry.
9. Global trade
10. Open international trade has led to the emergence of a global manufacturing system where production capacity is dispersed across many countries.
11. Fragmentation
12. Business functions are becoming differentiated into more specialized activities, which is fragmenting value chains

7. a. Briefly explain Global finance

Answer:

Global finance refers to the financial activities and markets that support the world economy. It includes:

The exchange of money between countries

The flow of capital between countries

International trade and investment

b. Difference between regional economic development in asia and america

Answer:

Regional economic integration in Asia is less developed than in North America and Western Europe, and there are several differences between the two regions:

Level of integration

Integration in Asia is mainly limited to East Asia, while in North America, the United States has a free trade agreement with its neighbors.

Institutional strength

Asia has weak or embryonic regional economic institutions.

Regional agreements

Latin America has adopted new regional agreements with more outward-looking principles.

Challenges

Asia faces challenges such as diversity, capacity constraints, and a lack of regional leadership.

c. Globalization of Brands and Markets

Answer:

Globalization of markets and brands refers to the process of promoting products and services globally, and creating a brand image that can be recognized across different markets:

Globalization of markets  
The ability to sell and produce goods and services in global markets, competing with others. This can involve exchanging goods, services, and labor anywhere in the world.

Globalization of brands  
The process of creating a consistent brand image across different markets. The goal is to help people from different cultures and countries recognize the brand.

Globalization can create opportunities and challenges for brands. Some benefits of globalization for corporations include:

Access to new consumers  
Corporations can reach a diverse range of consumers across different cultures, languages, and geographies.

8	Case - IOC's Srilanka Entry
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1. Factors affecting on IOC while entry

Answer:

Affordability. ...

Tax and employment guidelines. ...

Your marketing strategies. ...

Recruiting employees universally. ...

Currency. ...

Brand recognition. ...

Financial and political steadiness.

1. Single entry Strategies

Market entry strategy is a plan to expand the visibility and distribution of a product or service to a new market. Market entry research helps brands to expand into new domestic or international markets where the competitive, legal, political or cultural landscape might be less known.

3 IOC Political & Environemetn factos to entry into Srilanka

Political factors in the environment can include:

Political stability: A stable political environment is important for businesses to thrive.

Trade regulations: Trade rules can impact businesses by limiting what goods and services can be traded with other countries.

Taxation policies: Different tax rates can impact a business's profitability.

Economic policies: Economic policies can impact businesses by affecting factors like inflation and interest rates.

Government spending: Government spending can create demand and open new business markets.

Corporate social responsibility: Political and societal expectations are increasing for businesses to show corporate social responsibility practices.

Employment laws: Changes in employment laws can significantly impact business environments.

Political ideologies: The political ideologies of the government can be a factor to consider.

Regulatory practices: Regulatory practices and governing bodies can be a factor to consider.

Influential political leaders: Influential political leaders and their ideas can be a factor to consider.