



MBA DEGREE EXAMINATIONS: APRIL / MAY 2023

(Regulation 2021)

Fourth Semester

MASTER OF BUSINESS ADMINISTRATION

P21MBC4623: International Business Management

COURSE OUTCOMES

- CO1:** Discuss the impact of globalization on MNE's and analyze their relative environmental influences impacting them
- CO2:** Explain the role of international organizations/agreements that affect business organizations nationally and internationally.
- CO3:** Propose business strategies and operations for a new international business

Time: Two Hours

Maximum Marks: 50

PART A (1Q x 16M = 16 Marks)

Case Analysis

- 1 It all started with the takeover of Tetley in 2000. Then became Daewoo commercial (2004); Tyco Global (2004); Natsteel (2005); Teleglobe (2005); Brunner Mond (2005); Millenium steel (2006); Eight O' clock (2006); Ritz carlton (2006); Corns (2007); PT Bumi Resources with 30 percent stake (2007); and General Chem Partners (2008). The latest in the acquisition spree is the takeover of Jaguar and Land Rover (March 2008). The stake involved in all these buyouts is a whopping Rs. 81,527 crore. It is a moment of glory which any Indian should be proud of – particularly because of the timing of Jaguar and Land Rover deal. Compared to the Corns deal, which carried a price tag of Rs. 53,850 crore, the buyout of the two brands with Rs. 9223 crore, is miniscule. But what makes it breathtaking? First, the deal has been struck when the world economy is dipping and companies everywhere are facing falling fortunes. Viewed against this background, Tata deal demonstrates how resilient and vibrant Indian companies are. Second, the brands acquired are no mean “also rans”. Jaguar and Land Rover are the world's top-class brands with a long history. Land Rover was born in 1880s and Jaguar in 1930s. Third, the acquisition of the two brands marks a paradigm shift of the balance of power in financial and technological arenas. The power is shifting from west to east. Finally, from now onwards, Tata's name will be seen and heard in the premier markets of Europe and Americas. Sentiments apart, challenges before Tatas are going to be hard nuts. Tata motors, the flagship company of Tatas which is
- CO3 [K₆]

deemed to have acquired Jaguar and Land Rover, has no experience in managing luxury brands. The Indian car maker is well known for offering rugged cheap cars, buses and trucks suiting to Indian buyers and Indian roads. Its costliest passenger vehicle, the Safari Dicor, is about Rs. 1 lakh cheaper than the least expensive Land Rover. Will Tata motors be able to sustain the quality of the two brands? The Indian market for the luxury cars is growing but is still small. The cheapest luxury cars are available in India, such as Honda Siel cars India Ltd.'s Accord, cost around Rs.15.5 lakhs. It is believed that some 5000 luxury cars are sold in India every year. True, some Indians do own and use high-end foreign brands, such as BMW, Mercedes-Benz, Audi and Lexus, but their numbers are still in the thousands, a fraction of the 1.4 million cars sold each year in the country's exploding market of automobiles. Nor the markets in Europe and America are promising because of the recession in their economies. Trade unions of 16000 – strong ford workforce in UK, have in a way paved the way for Tata takeover. It is, these unions that, in principle, picked up Tatas as their first “preferential choice” as the bidder. The Tatas have now assured job security and better working conditions to British work force. This led the British worker to feel reassured about his future, under the Indian management. Ford has agreed to use finance arm to help its dealers and Tatas sell their cars for another 12 months. It will also supply engines and transfers some intellectual properties and offer engineering support. In spite of this, Tata might be required to pump in more money to develop new and improved products. Also, refinancing dept is likely to pose a big challenge to Tata Motors. It might find difficult to raise long-term debt in current environment. While Tatas managed to get a bridge loan of \$3 billion for a period of 12 months, it may have trouble raising debt to repay, as lenders have grown jittery over extending credit. Thus the road ahead is humpy and bumpy. But going by the clout enjoyed by Tata Motors, the challenges may not be insurmountable. Tata Motors is a \$ 5.5 billion company, is the leader and second largest in passenger vehicles. The company is world's fifth largest medium and heavy commercial vehicle manufacturer. The company's 22000 employees are guided by the vision to be “best in the manner in which we operate, best in the products we deliver and best in one value system and ethics”. Established in 1945, Tata Motors' presence cuts across the length and breadth of India. Close to four million Tata vehicles ply on Indian roads, since 1954. Its manufacturing base is spread across Jamshedpur, Pune and Lucknow, supported by a nation-wide dealership, sales, services and spare parts network of over 2000 touch points. The foundation of the company's growth over the last 50 years is a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer desired offerings through leading edge R&D with 1400

engineers and scientists. The company's research centre has enabled pioneering technologies and products. The company today has R&D centres in Pune, Jamshedpur, Lucknow, in India and in South Korea, Spain and UK. With the announcement of the launch of 1 lakh rupee car Nano, Tata Motors has gained the attention of people around the world. But no wonder they also had to take up the challenges in the market in later years.

Questions:

1. Do you think the challenges listed above are genuine? If yes, discuss how Tatas faced them. (5 Marks)
2. With the widest range of cars (from the cheapest to the costliest) under its belt, discuss how Tata Motors managed and sustained? (5 Marks)
3. Discuss the Tata group's strategy of acquiring companies for growth. (6 Marks)

PART B (2Q x 5M = 10 Marks)

Answer Any Two Questions only

2	Define FOREX and Explain the basic operations of FOREX markets.	CO1	[K ₁]
3	Explain the factors that impact the location decision of international trade.	CO3	[K ₂]
4	Explain strategic alliance.	CO3	[K ₁]
5	Interpret the characteristic features of turnkey projects.	CO3	[K ₅]

PART C (3Q x 8M = 24 Marks)

Answer Any Three Question only

6	Determine the need of CAGE framework for any international trade with its basic characteristic features.	CO2	[K ₅]
7	“Choice of entry mode is crucial for international business”- Discuss. Explain the determinants of entry mode.	CO3	[K ₆]
8	Explain regional trade blocks that facilitates international trade.	CO2	[K ₅]
9	Discuss the types of international staffing policy in international business.	CO3	[K ₆]
10	Explain the different types of documents involved in Exports and Imports.	CO2	[K ₅]
