

MBIB 4001

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

International Business

**GLOBAL FINANCIAL MARKETS AND
INSTRUMENTS**

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Outline the principles of WTO.
2. Expand and explain SDRs.
3. Make a brief note on Eurodollar.
4. What do you mean by Hedging?
5. State the features of Money Market Instruments.
6. What is loan syndication?
7. What is Fixed Exchange Rate? State its merits.
8. Make a note on 'cover deals'.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Briefly explain the International Financial Institutions emerged as a result of Bretton Woods Conference.
10. Why Eurodollar was created and how it influenced the Global Markets?
11. Advantages and Disadvantages of Capital Market Instruments.
12. Critically examine the services rendered by the financial intermediaries.
13. Explain the structure and functions of IMF.
14. Make a detailed note on Derivatives.
15. Identify and explain different types of Foreign Exchange Risks.
16. How WTO facilitates regional cooperation in International Trade?

PART C — (1 × 20 = 20 marks)

Case Study – Compulsory Question.

17. Recently Government of India withdrawn the Rs. 500 and Rs. 1,000 denomination currency notes and introduced new Rs. 500 and Rs. 2,000 denomination currency notes. What is its impact on foreign investors making short term investments in Money Markets?
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This, of course, may give students the wrong impression that hedging is wasteful and unnecessary.

One way of solving the problem is to start the game sooner. In order to lengthen the game, it requires that the chapter be taught earlier in the semester. Another method is to use historical data for simulation purpose. The instructor may want to select several two-week periods from the past few years which had a significant rate movement. This method is desirable because it forces students to think whether they should hedge or remove their hedge as the market turns against them. It will make students realize that two weeks are more than adequate for the exchange - rate movement to erode or wipe out their business profits.

Questions

- (a) Because you will receive payments in three months, do you think that there is any need to hedge your exposure?
- (b) Assuming that hedging is desirable, what is your hedging preference: cash, forward, futures, or options?
- (c) Do you want to hedge both the Japanese yen and euro?

MBIB 4002

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

International Business

FOREIGN TRADE AND POLICY

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. Identify the various Balance of Payment Mechanisms.
2. What are the features of Export-Import Policy?
3. Overview the concept of Rupee Convertibility.
4. Discuss the India's foreign trade policy.
5. List out and explain the various Duty exemption schemes.
6. Elaborate the Role of export houses in the context of Foreign trade.
7. Bring out the consequences of Indian Joint Ventures abroad.
8. Outline the features of EOUs.

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Describe the different Theories of International Trade.
10. Enumerate the different Commercial Policy Instruments.
11. Trace the direction of India's Foreign Trade.
12. Determine the measures of Export Promotion.
13. What is Foreign Investment policy? How is it related with counter trade arrangements?
14. Briefly explain the Framework for FDI in India.
15. Examine the effects of project and consultancy exports.
16. Elucidate the non-tariff measures practiced by the countries in the world.

SECTION C — (1 × 20 = 20 marks)

17. Case Study (Compulsory)

The purpose of this simulation game is to make students become aware of the importance of the financial aspect of international business. The game is beneficial in forcing students to read newspapers and to consult financial data in order to track the movement of the U.S. dollar which affects corporate profits. Students will learn that

what appears to be deceptively simple may not be so. They will realize that it is not so easy to guess the direction, speed, and extent of the exchange rate movement.

The game is desirable because it forces students to make business decisions which will either preserve or erode their profit derived from selling their products overseas. The student must consider the hedging method and the cost and complexity involved. It is easy to use futures or options for hedging purpose due to liquidity and low costs, but neither one of them will offer a perfect hedge. Naturally, more than one contract for each currency is required in this case. The cash and forward markets, in contrast, offer a customized contract—but at a higher cost.

It should be noted that the Japanese yen and the German mark tend to move in tandem against the U.S. dollar—although not necessarily at a uniform rate. In any case, if there is a need to hedge the Japanese yen, there is in all likelihood also a need to hedge the German mark and vice versa. If any student or group hedges just one currency and not another, the instructor may want to press the student to justify his or her decision.

One potential problem with this simulation game is that the two-week period may be too short for any significant exchange — rate movement, especially during the time period which the market happens to be relatively calm and stable.

The head of HR department and CEO were aware of the developments leading to the shifts in the work behavior of the Asst. HR manager and consequently its adverse affects on the delivery of output to the internal customers, work schedules and ultimately performance of the employees and the department as a whole. However they were tolerating the behavior of the Asst. HR manager and have given the benefit of doubt in favour.

Ultimately, the level of irregularity cropped up leading to a noticeable event. The CEO informally told the Asst. HR manager to meet him to discuss the problem and settle the issue. The Asst. HR manager paid a deaf ear and resorted to an unexpected and undesirable behavioural situation, resulting in a three dimensional whistle blowing in the company.

Questions :

- (a) Is it cultural variations consequent of the different nationalities of the three executives resulted in an undesirable situation?
- (b) Is it workplace culture that resulted in an undesirable situation, despite the fact that all the three executives are from HR background?
- (c) Is it parental ego of all the three executives due to either position or due to knowledge that resulted in whistle blowing?
- (d) What global HR strategies would you suggest to prevent such situation?

MBIB 4003

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

International Business

CROSS CULTURAL BUSINESS MANAGEMENT

Time : Three hours

Maximum : 100 marks

SECTION A — (5 × 6 = 30 marks)

Answer any FIVE questions out of the following.

1. What are the various dimensions of organization culture?
2. Trace the cultural background of business stakeholders.
3. Outline the role of culture in cross cultural business management.
4. Identify the elements of communication in culture.
5. Write the various skills that are needed for negotiation.
6. Enlist and explain the different methods of staffing for global operations.

7. How an organization can develop the values necessary to build high performance organizational personnel?
8. Describe the nature of organization culture.

SECTION B — (5 × 10 = 50 marks)

Answer any FIVE questions out of the following.

9. Bring out the analytical framework for organization culture.
10. Discuss the Process of communication across cultures.
11. What is Alignment of strategy? How is it related with structure and culture?
12. Evaluate the steps involved in developing a Global Management Cadre.
13. Elaborate the different retention strategies for Global HRM.
14. Determine the method of designing strategy for culture change.
15. Elucidate the Cultural Implications for Team Building.
16. How would you measure the ongoing improvement in corporate culture?

SECTION C — (1 × 20 = 20 marks)

Case Study (Compulsory)

17. A Malaysian Electronics Company promoted its HR manager, who is a South Korean and a bachelor degree holder in psychology, to the level of the CEO of the company based on his commitment and seriousness in rendering his responsibilities in his earlier jobs. The company employed an Indian expatriate – a master degree holder in HRM as the head of HR department and a Fiji national – who did his master's program in political science and a senior executive of a professional human resource association as assistant HR manager. These three executives used to share their experiences and knowledge in HRM in formulating HRM policies, crafting HR, organisational strategies as well as HR practices of the company.

The assistant HR manager brought vibrant policies in designing HR strategies in his area of operations of compensation management and earned credit for his performance from CEO of the company. Having earned the credit of the superior, the asst. HR manager, acquired the workplace cultures of an average Malaysian company like moonlighting, flexible work schedules, flexi timings and work programs that affect the work performance of the employee as well as the supply chain and organisational performance adversely.

Unfortunately, many wholesalers neglected to follow the predetermined order schedule. They were not accustomed to having someone tell them when to order and some objected to the regimentation and lack of flexibility. Others had become dependent on the sales representatives to determine what their requirements were and believed that the new program made more work for them.

If the orders did not reach Lotsafood's head office according to the schedule, the wholesaler had to wait two weeks. When a stock out occurred, the affected wholesaler could lose from 20 to 50 percent of sales of Lotsatbod's products, but only Lotsatbod suffered. Wholesalers and retailers carried several product lines, so when they ran out of Lotsafood brands, they simply sold other brands.

Questions :

- (a) Discuss the benefits and shortcomings of the Lotsafood system for taking orders.
- (b) Detail a system that will provide better service to Lotsafood's customers, improve sales and build closer ties between Lotsafood and the wholesalers.

MBIB 4004

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

International Logistics Management

INTERNATIONAL BUSINESS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of Eight questions.

1. What are the main objectives of Logistics?
2. Explain the various activities of Transport.
3. What is meant by Transportation? With examples.
4. How containers are useful in Multimodel transportation?
5. Distinguish between Liner shipping and Tramp shipping.
6. Define shipping Freight Rate.
7. Bring out the importance of Air Cargo Transportation.
8. What are the different types of warehousing facilities?

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of Eight questions.

9. Explain the factors influencing the distribution and logistics decisions in international Business.
10. What is global Supply Chain Management? What is the role of international logistics in global Supply Chain Management?
11. "Containerization has revolutionized the transportation of Goods" — Discuss.
12. Describe the different functions of CONCOR.
13. Explain the main characteristics of general structure of shipping.
14. What are the documents needs for shipping of goods?
15. Describe the advantages and disadvantages of Air Cargo Transportation.
16. Critically evaluate the role of Inventory Management in international marketing.

PART C — (1 × 20 = 20 marks)

(Compulsory)

17. Case Study :
Lotsafood, established in 1986, distributes a 100- item product line of canned vegetables, fruit, condiments and specialty items to wholesales in several states in the eastern United States. Lotsafood introduced a policy that was designed to Improve Lotsafood's service to its wholesalers and the effectiveness of the sales representatives. This program was based on two important features : (1) freeing sales representatives from order taking and (2) receiving orders from wholesalers on a predetermined schedule. First, the company's sales representatives were no longer to process customer orders. Previously, they had accumulated wholesale orders until they had enough volume to make up a truckload; then they would send the orders to the head office. Under the new program, wholesalers were to e-mail their orders directly to the head office according to a fixed schedule. If they missed their fixed date, they had to wait for next one.
These procedures were designed to increase the number of calls that the sales representatives could make. By eliminating the need to prepare orders, Lotsafood hoped the sales representative would spend more time determining sales pattern and the effect of sales promotions. Under the need program, each sales representative could be more of a salesperson and less of an order taker.

MBIB 4005

M.B.A. DEGREE EXAMINATION, JUNE 2017.

Fourth Semester

International Business

FOREX MANAGEMENT AND CURRENCY
DERIVATIVES

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain forward rate.
2. What is a cross rate?
3. Describe gold standard.
4. Explain advantages of fixed exchange rate system.
5. What is exchange arbitrage?
6. Describe a swap deal.
7. How to cancel a forward contract?
8. Define currency futures.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the meaning of and need for foreign exchange.
10. Make a note on the role of RBI in foreign exchange management.
11. Outline how foreign exchange management was done before the World War-I.
12. Prepare a detailed note on forward exchange contracts.
13. State the major factors that influence the exchange rate of a currency.
14. Evaluate forward contracts as a hedging instrument.
15. Explain the features of currency options.
16. Profile the pay-off of buyer and seller under call and put options.

PART C — (1 × 20 = 20 marks)

Case Study.

Compulsory Question.

17. An importer has a payment of Euro 1,50,000 due in 120 days. The spot rate for Euro is Rs. 56.25 and forward due 120 days is Rs. 56.48. The expected spot rate after 120 days is Rs. 56.60. If the exposure is covered by the forward contract.
 - (a) What is the hedged cost of making final payment?
 - (b) What is the cost of hedging?