

Fourth Semester MBA degree examination, September 2024
BUSINESS ADMINISTRATION
International Business Environment

Time: 3 hours

Max. Marks: 70

SECTION – A
(Compulsory)

Answer to the question should not exceed 6 pages

(1x15=15)

1. Explain the term “Multinational Company”. State the advantage and disadvantages of Multinational companies to the host country and home country.

SECTION – B

Answer any five questions. Each question carries 8 marks. Answer to each question should not exceed 5 pages.

(5x8=40)

2. Write a detailed note on the impact of legal and political environment on International Business.
3. What is WTO? Explain its objective, structure and functions.
4. Write a note on:
 - a) IDA
 - b) Agreement on textiles and clothing
 - c) GSTP
5. Write a detailed note on counter trade and explain the different types of counter trade with suitable examples.
6. Explain the different modes of entry into International Business with suitable examples.
7. What is outsourcing? Explain the advantages of outsourcing to India with suitable examples
8. Why was World Bank established? Explain in detail the 5 institutions associated with World Bank.

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SECTION – C
(Compulsory)

Answer to this question should not exceed 6 pages

(1x15=15)

9. Huawei is a Chinese business-to-business (B2B) company that rapidly expanded into the global market since 1997. Before that, its name was literally unheard of outside China. In 2000, the company decided to enter into the Indian market. However, it faced various challenges:

Crowded space: The telecommunication space was crowded with various domestic and international players. In such a space, the company had to make a distinctive brand for itself as a viable partner.

Politically charged history: Ever since the Sino-Indian wars in 1962, India and China had maintained a cool distance. Clashes between the two troops in the disputed northern border were not unheard of. In such a scenario, the Indians regarded the Chinese company with scepticism.

Cultural perception: For most Indians, the Communist Republic of China was a closed country. Although neighbors, the people-to-people exchange between the two Asiatic nations was very rare. One reason could be attributed to the language difference; Chinese were mostly non-English speakers, whereas most of India used English as their business language. Therefore, Huawei found it difficult to establish trustworthy relations with the Indian business community.

Quality perception: In India, Chinese products were perceived to be of inferior quality. This was a negative factor for Huawei.

To overcome these challenges, Huawei decided to invest some time to understand the Indian market better. The company implemented the following steps.

- Established R&D centres and service centres in the country.
- Allocated 90% jobs locally to the Indians—a fact that worked very favourably in building a good reputation of the company among the Indians.
- Set up two production plants in Chennai.
- Conducted skill based workshops for Indians with Huawei staff to make them aware about the international standards. This also helped the company to clarify the cultural misconceptions the Indians had about the Chinese.
- Sourced most of its components locally, which made them not only cheaper but also, helped the local companies to achieve international quality standards. Again, the Huawei staff helped the local companies in skill and technology enhancement.
- Promoted consumer products such as smart phones by establishing strategic partnerships with local media channels.
- Advertised Huawei smart phones as aspirational products to remove the perception of low quality of Chinese products.
- Fostered a strong brand culture.
- Set up rewards and recognition programs for R&D talent.
- Promoted Indian employees to managerial positions.

There is a misconception among strategy formulators and marketers that the two Asiatic nations, India and China, share a similar culture, which is not the case. For companies on both sides to enter into each other's market, it is important to study the market comprehensively before entering into it.

The Chinese company Huawei found it as difficult to break the cultural barriers in the Indian market as the Western companies do. Huawei was able to successfully

overcomethesebarriersby:

- Establishing itself as a trustworthy brand
- Building relationships with the local businesses and personnel
- Committing a long-term, sustainable relationship that would boost India's economy and create jobs for locals
- Providing superior quality consumer products

QUESTIONS

- a) What were the challenges faced by Huawei while entering the Indian market? Compare those challenges with the challenges that the company faced while entering another market, such as Europe or Africa.
- b) What are the key learnings from the Huawei's entry in to India?

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