

# Question Paper Code : 3785

M.B.A. (CBCS )(Semester-IV) Examination, 2018

INTERNATIONAL BUSINESS STRATEGY

(SE-455)

Time : Three Hours]

[Maximum Marks : 70

**Note :** Answer **five** questions in all. Question **no. 1** is **compulsory**. Beside this, attempt **one** question from each unit.

1. Read the case given below and answer the questions that follows: [3x10=30]

## Case Study

These days, Brazilian multinationals have a presence in a broad range of activities no longer limited to the exploitation of natural resources so characteristic of companies in emerging countries. Among the better known firms are Companhia Vale Do Rio Doce in the mineral sector, Petrochemical maker Braskem, Construction materials providers Tigre and Duratex, Odebrecht and other firms that focus on technical services for engineering.

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Trade de-regulation and liberalization in 1990s under the Washington consensus laid the foundation for internationalization. It took place through the privatization of state enterprises such as Petrobras (petroleum sector) and Embraer (aerospace sector) and the consolidation of capital goods sector with merger and acquisitions such as that of beverage company Ambev/InBev. The denationalization of durable goods sector also facilitated internationalization. This was a process in which various companies were acquired by TNCs, including Sabó (auto parts) and Weg (electrical equipments), which wound up being more competitive and better positioned for international markets. This resulted in the stratification of Brazilian companies into leaders and followers. Among the private companies, those that stood out were the ones that really developed competency at surviving the prospering competitively in the turbulent domestic market, fighting hand to hand with subsidiaries of multinationals. In the case of state owned companies, the privatization process injected new competencies (especially in finance and marketing), which complemented their strong competencies in production and technologies, and established new horizons for taking actions.

strategies of international operations. Give examples to support your answer. [10]

7. Discuss the five Cs for selection of an Alliance Partner with reference to a strategic Alliance. Explain 'Dissolution of an Alliance'. [10]

#### Unit-IV

8. Discuss the various elements of a strategic control system for a MNE. Give an example to support your answer. [10]
9. Explain the concept of 'Dominant Business Strategies' for an MNE. Elaborate with the help of an example. [10]

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internationalization process of Brazilian TNCs. List the sectors in which TNCs from Brazil have a marked presence. [10]

- (c) Discuss the changes incorporated in the Brazilian style of management as a result of internationalization. [10]

#### **Unit-I**

2. Explain the concept of International Cultural Environment. Discuss how cross-culture has affected the strategic performance of MNCs. [10]
3. Explain Leontides Model or Prahalad & Doz Model of Generic Strategy. How can they help gain competitive advantage in international markets ? [10]

#### **Unit-II**

4. Explain product standardization and product modification strategy for international markets. [10]
5. Discuss the various strategic options of pricing a consumer durable product for global markets. [10]

#### **Unit-III**

6. Discuss flexible manufacturing and mass customization

At the same time the creation of the Mercosur trade agreement (which includes Argentina, Brazil, Paraguay and Uruguay) in 1991 served as a new realm for experimentation and contributed to developing a vision among the administrators and entrepreneurs of a more globalized world. Along-side this, the managerial development programmes offered by Brazilian institutions gained new status abroad and won significant positions in specialized international rankings.

The internationalization of Brazilian TNCs was a gradual process. Like most other Latin American TNCs, they targeted countries in their geographical proximity with whom they also had a cultural affinity. Unlike the early TNCs, these late movers from Brazil used various modes of international entry including acquisitions, alliances and joint ventures motivated by the search for strategic assets and efficiency of operations.

Some of these players have been motivated to expand by the recent formation of "networks of global production". These networks, by requiring an international presence, induce companies to make the effort at globalization. Typical examples are Sabó, Embraco, which manufactures the refrigerator compressors, and

companies in the information technology sector.

Unlike internationalization in the emerging economies, Brazilian TNCs acted independently in decision making and strategy formulation. There was no cooperation among the companies in the industrial sector; or between them and financial institutions(for example Spain), as well as no assistance from government (for example China).

The trend towards internationalization questioned prevailing business models, thus uprooting the foundations of the parochial management style. This led to development of a new managerial model characterized by the following competencies:

- Organizational flexibility as a function of characteristics of the market and the economic situation versus the Brazilian tendency to establish hierarchies and centralize in tandem with earlier style of parochial management.
- Constantly monitoring conditions as opposed to the traditional approach off focusing on short-term planning intuition.
- Top-Notch production proceses strongly influenced by Japanese models.

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- Focus on customer satisfaction and new competencies in international finance and risk management.
- Advance human resource management in spite of the problems in addressing personnel issues that are the result of globalization.
- First class technical skills and new strengths in R&D, marketing and international innovation, as well as competencies in running international networks (intrinsic corporate skills of managing, utilizing and exploiting inter-corporate relationships).
- Adaptability to the demands of institutions and markets while attuning themselves to the issues concerning social responsibility.

(Adapted from International Business-S. Verma, Pearson)

Questions:

- (a) Discuss the factors that have acted facilitators of Brazilian TNCs. [10]
- (b) Discuss the salient features of the

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