

MAY 2013

**P/ID 37516/PBAS**

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Time : Three hours

Maximum : 80 marks

PART A — (5 × 5 = 25 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Differentiate between ethnocentric and polycentric orientations.
2. Write a note on internalisation stages.
3. Give a short account on the international legal environment of business.
4. Discuss the different forms of economic integration.
5. Write a note on the strategic alliance.
6. Examine the problems and scope for use of Indian brands in foreign markets.
7. Write a detailed note on the retrograde pricing.
8. Write a note on the UNCTAD.

PART B — (4 × 10 = 40 marks)

Answer any FOUR questions.

All questions carry equal marks.

9. Give a detailed account of the important special problems in international marketing.
10. Explain the implications of the differences in socio-cultural environment for business.
11. Examine the objectives, progress and problems of SAARC.
12. Evaluate IMF's policies and assistance in respect of developing countries.
13. Explain the dimensions and stages of globalization.
14. Discuss briefly the import foreign market entry strategies.

PART C — (1 × 15 = 15 marks)

Compulsory.

15. Case Study.

Krandon & Associates is a very successful porcelain-manufacturing firm based in San Diego. The company has six world-renowned artists who design fine-crafted porcelain statues and rates

that are widely regarded as collectibles. Every year the company offers a limited edition of new statues and plates. Last year, the company made 30 new offerings. On average, 2,500 of each line are produced, and they usually are sold within six months. The company does not produce more than this number to avoid reducing the value of the line to collectors; however, the firm does believe that additional statues and plates could be sold in some areas of the world without affecting the price in North America. In particular, the firm is thinking about setting up production facilities in Rio de Janeiro, Brazil, and Paris, France.

The production process requires skilled personnel, but there are people in both Rio de Janeiro Paris who can do this work. The basic methods can be taught to these people by trainers from the US plant, because the production process will be identified.

The company intends to send three managers to each of its overseas units to handle setup operation and get the production process off the ground. This should take 12 to 18 months. Once this is done, one person will be left in charge, and the other two will return home.

The company believes that it will be able to sell just as much of the product line in Europe as it does in the United States. The South American market is estimated to be one-half that of the United States. Over the last five years, Kranden

has had a return on investment of 55 percent. The company charges premium prices for its porcelain but still has strong demand for its products because of the high regard collectors and investors have for the Kranden line. The quality of its statues and plates is highly regarded, and the firm has won three national and two international awards for creativity and quality in design and production over the past 18 months. Over the past 10 years, the firm has won 17 such awards.

Questions

- (a) In managing its international operations, should the firm use centralized or decentralized decision making?
- (b) Would direct or indirect controls be preferable in managing these operations?
- (c) What kinds of performance measures should the company use in controlling these international operations?