Biyani's Think Tank

Concept based notes

International Business

(BBA Part-III)

Mr Manish

Deptt. of Commerce and Management

Biyani Girls College, Jaipur

Revised by

Dilpreet Kaur

Deptt. of Commerce and Management

Biyani Girls College, Jaipur

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Published by :

Think Tanks

Biyani Group of Colleges

Biyani Shikshan Samiti, Sector-3, Vidhyadhar Nagar, Jaipur-302 023 (Rajasthan)

Ph : 0141-2338371, 2338591-95 | Fax : 0141-2338007

E-mail : acad@biyanicolleges.org

Website :www.gurukpo.com; www.biyanicolleges.org

ISBN :- 978 – 93 – 83343 – 17 – 1

Edition: 2012

Revised Edition 2022

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Leaser Type Setted by :

Biyani College Printing Department

Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the "Teach Yourself" style. It is based on question-answer pattern. The language of book is quite easy and understandable based onscientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director* (*Acad.*) Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

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University of Rajasthan, Jaipur BBA Part II

Paper-III Human Resource Management

Minimum Pass Marks: 36 3 Hours duration

Unit I

Meaning of International Business, Domestic Business V/s International Business, Importance of International business, Major participants of IB, Scope of International Business.

Unit II

Understanding the International Business Environment: Cultural Environment, Economic Environment, Political Environment, Legal & financial Environment.

Unit III

International Business Organisations, Forms of International Organisations, World Trade Organisation (WTO).

Unit IV

International Financial Management, International Monetary Fund (IMF), World Bank.

Unit V

Global Operations and Supply Chain Management, International liuman Resource Management, International Trade Procedure and Documentation, Global E-business, Ethics and Social Responsibility.

Contents

Unit I

Q.1 What is International Business?

Ans International business is that trading which opens a cross border transactions between two countries. No matters these countries are developed, developing or underdeveloped. These all transactions take place with the collaboration of highly skilled labour, capital, technology, transportation etc. In the other words it is an activity which increases foreign investment

Q.2 What is the importance of I.B.?

Ans In the era of globalization, every country tries to expand its‟ international business. For this purpose every country must be efficient majorly in two factors i.e. finance and production. We all know that International Business is a backbone for any developing, developed or underdeveloped country. The reason behind it is the importance of International Business.

Now we move ahead with some of the focal points which discuss its importance in the modern world:-

1. Cross border trading:- International Business is a transaction between two countries. One country is will be called exporting country and other country is named as importing country.
2. Includes exchange of goods and services: - International Business involves various transactions worldwide on the basis of goods and services. These all transactions take place for the purpose to improve economic condition or to earn money.
3. Two major activities:- International Business Involves two specific activities such as; Export/Import by the countries and Foreign Direct Investment by any organization.
4. Decreases Monopoly:- International Business gives an option to international business entity to explore domestic market. This option is quite helpful when we concern about monopoly by domestic organizations. International business entity will always enter in the domestic market with cheap prices and elite quality.
5. Develop economy:- International Business develops the economic conditions of targeting nations. Most of the underdeveloped and developing countries are being developed by international organizations.
6. Increase standard of living:- When an economy develops, it also develops the per capita income and if the earning capacity of natives increase, they start spending or investing money. Ultimately a positive relationship emerges between International Business and standard of living.
7. Utilization of resources of domestic market:- Resources show high importance in any business. Most of the countries have various resources but they do not have such technology, skill or manpower to explore it. International Business opens an option to explore those resources for the betterment of trade.

8. Earning FOREX:- It means earning foreign exchange with the help of International trading of goods or services. It is a positive aspect for the development of economic status.
9. Expansion of business:- International Business provides a door to expand domestic organization‟s business worldwide. This business expansion creates opportunities in the field of investments, jobs, technology etc.
10. High quality products:- It is a common fact that every international organization will try to eradicate business roots of domestic organizations. This can be happen with high quality products having low prices.

Q.3 What is the scope of International Business

Ans. Going global is the Mantra of today's economy. In the game of globalization, Multinational Enterprises are those actors who perform their task with full of their efficiency. Most of the Multinational Enterprises perform different activities and operations in other nations. These activities are generally assorted in two categories:-
i. Exports and imports
ii. Foreign Direct Investments

i) **Exports and imports:-** The meaning of export inferred from the term shipment of goods and services out of the nation. This transaction must be legitimate and fulfill all the requirements of different laws. In the other words it is a task to provide goods and services to foreign customers/consumers by the domestic manufacturers/traders.

On the other hand import is an activity where a domestic buyer gets goods from the seller who is not trading in that domestic economy. In this activity international products and services are availed by the domestic users.

To reduce the fall off in any economy, both export and import must be balanced. These two are major driving forces of any economy. Countries like China reached at its high economic conditions just because of its exports in different nations. This all could take place due to International Business.

(ii) **Foreign Direct Investment:-** In the very general sense Foreign Direct Investment is an act to do investments in other countries by any Multinational Enterprise. There can be various ways to do this investment such as- investments in the process of productions, acquiring an organization in target nation, by acquiring shares etc.

Foreign Direct Investment is a major tool for any nation to inflow international capital. It also enhances technical advancements and job opportunities in different streams.

Foreign Direct Investment can be further classified in two types:-

a. Inward foreign direct investment- It is an investment where Multinational Enterprises invest foreign capital in different local resources.

b. Outward foreign direct investment- It is a protective mode by the government where government protects investors from all associated risks.

Q.4 What are the major differences between Domestic Business and International Business?

Ans Before differentiate these both terms we should be aware with their meanings. We just studied what International Business is. Now we move towards the Domestic Business. Domestic Business is a business where all business activities take place within the country. These activities include manufacturing, processing and transferring products/services to customers.

Major differences between Domestic Business and International Business are as follows:-

Bases	Domestic Business	International Business
1. Culture	It deals only in a single culture as it has limited regions.	There are no boundaries for it. The entire world is open for trade.
2. Jurisdiction System	It follows single jurisdiction system of country.	It has to follow various international laws.
3. Technology Sharing	It does not allow vast sharing of technology.	It always welcome technology sharing in different domains.
4. Entry in Market	Entry in a domestic market is always easy for any enterprise.	There is a complex procedure to work globally.
5. Focus	It focuses on domestic consumer's needs.	It has a strategic focus on international markets.
6. Marketing Environment	There is a stability or bit fluctuations in marketing environment.	It deals with pure flexible market without any stability.
7. Financial Environment	It refers uniformity in financial climate.	It is full with deviated financial climate.
8. Political Environment	It is not much influenced by political environment.	Political environment plays a crucial role in it.
9. FOREX	This concept does not follow in it.	It always increases foreign exchange.
10. Credit Risks	There are least credit risks due to small region.	Credit risks are always higher in it.

Q.5. Define various driving forces to International Business

Ans. There are different driving forces which impacts directly or indirectly on international business. These forces includes:-

a) **Liberalization**: This term is heavily used by different governments. GATT/WTO, Foreign Direct Investments are the major tools in it. Liberalization allows Multinational Enterprises to work freely. Government protects them from credit risks. They are also free to enter in any business market. Liberalization is fostering the global market since 1980‟s and now it has become a universal concept for every economic country.

b) **Technology**: For globalization, technology plays a vital role. This role is played by optimizing various technical resources, by considering transfers of technology, by increasing competition etc. there is a drastic change in International Business after technological advancements. Even some countries have their monopoly in different segment only with the positive support of technology.

c) **Economic trends of the world**: It is also a fostering force for International Business. Developing economies are threat for every nation. Underdeveloped nations have to depend only on imports. Developed nations believe in exports. In fact every economy tries to develop their economic status and this increases the chances of International Trade.

d) **Consumer needs:** "Consumer" is the king of present global market. They are mentally, financially and psychologically eminent to take any buying decision on any product or service. This trend of them opens different options of International Business. Variety of products and services are demanded by consumers and seller is supposed to satisfy their desires. Ultimately this develops an opportunity for International Business.

e) **Revolution in transportation system:** before some decades it was a nightmare to export goods safely to the other country. Now the acceleration of technological up gradation increases it smoothly. Cargo transportation is the fastest way to export products. Besides that shipment is also used for safe and bulk transportation.

f) **Product development cost:** It is a cost which is included to develop a product. Every organization tries to reduce its cost in high extent. Any new product will always need a high cost to invest but that high cost can be recovered with opening a new market in another economy.

g) **Communication improvements**: Communication was the biggest obstacle before some decades. International Business was not running smoothly due to lack of communication medium. But now steeply improvements taking place in making International Business. E-mail, fax teleconferencing are the major tools and techniques in it.

h) **MNC's:** Multinational Corporations are one of the most powerful forces for globalization. The whole economy of a nation can be fixed by MNC‟s. These are those organizations which connects all of its resources, skills, technology, objectives with the conjunctions of world market and it directly increases the chances of revenue generation.

Q.6. What are major restraining forces to International Business?

Ans There are also some forces that restrain International Business/Globalization. These all forces restrain MNC‟s to „Go Global‟. Restraining forces can be further divided into two categories:-

i. External Factors
ii. Internal Factors
External Factors include:-

- **i.** Policies of the Government
- **ii.** Political opposition
- **iii.** Social opposition
- **iv.** Government control
- **v.** Economic environment

Internal Factors include:-

i. Management myopia
ii. Organizational culture
iii. Internal code of conduct
iv. Work force
v. Product cost

Unit II

Q.1. What is meant by cultural environment ? Explain the various components of culture.

Ans. Cultural environment is a concept in business which helps to understand the customs and collective beliefs of a set of people or society based on their culture, religion, region, nationality, language etc. The study of social hierarchy, social norms and customs, regional / religion based groups and their behavior helps us to understand the cultural environment of a place. This helps a marketer to position the products appropriately. Components of Cultural Environment

There are many elements which need to be evaluated to understand the socio-cultural environment. The key factors which define the culture, customs and beliefs of a group of people or society are as follows:

1. **Nationality**

The values, history and beliefs of every country defines the cultural environment amongst the citizens of a country.

2. **Religion**

Religious practices and beliefs defines various factors on how a business should operate and communicate as it must be accurate about religion as well as be careful of handling sensitive issues.

3. **Language**

The preferred language or mother tongue of a region, town, city, state or country can define the cultural environment.

4. Region

Regional factors like geography, terrain, climate etc. also creates a collective group or segment of people which marketing firms can address to.

5. **Demographics**

Age, gender, marital status etc. also define cultures, beliefs and attitude of people.

6. **Education**

Cultural environment is also classified and segmented based on education, social status, income levels etc.

Q.2. Explain economic environment. State the determinants of economic development. Ans. The term economic environment refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company. These factors are often beyond a company's control, and may be either large-scale (macro) or small-scale (micro).

Macro factors include:

1. Employment/unemployment	2. Income
3. Inflation	4. Interest rates
5. Tax rates	6. Currency exchange rate
7. Saving rates	8. Consumer confidence levels

9. Recessions

Micro factors include:

1. The size of the available market
2. Demand for the company's products or services
3. Competition
4. Availability and quality of suppliers

The reliability of the company's distribution chain (i.e., how it gets products to customers) While companies often can't control their economic environment, they can evaluate economic conditions before choosing to enter a particular market or industry or pursue other strategies.

Q.3. Describe political environment.

Ans. The political environment of the country of operation becomes increasingly important for an internationalizing firm as it moves from exports to foreign direct investment (FDI) as the mode of international market entry. Exporting firms use political pressure tactics to have free exportability of the products in their home country regulations, hassle-free procedures, and legislative requirements and export incentives.

Principal political ideologies may be categorized by way of economic systems, political systems, and governance structure as discussed below.

(i) Types of Government: Economic Systems:

a) Communism:

Based on Karl Marx's Theory of Social Change directed at the idea of a classless society, all the major factors of production in a country under communism are owned by the government and shared by all the people rather than profit-seeking enterprises, for the benefit of the society.

Since the government controls all the productive resources and industrial enterprises, it exerts significant control on determining production quantity, price, employment, and practically everything else. The focus of communism is on human welfare rather than profit making.

Typically communism involves seizure of power by a political party, maintaining the power by suppression of any opposition and commitment to achieve the ultimate goal of a worldwide communist state. After the Bolshevik Revolution in 1917 in Russia, the government overtook all the private businesses and this was repeated after each communist take-over of a country.

Countries following the communist philosophy had non-market and weak economies and the governments had an active role in economic planning. These countries had rigid and bureaucratic, political, and economic systems and indulged in huge foreign debts. Countries such as China, the former Soviet Union, Eastern European countries. North Korea, and Vietnam are also referred to as 'centrally planned economies'.

However, there exists marked difference between the communist countries too. Since there had been lack of incentive and motivation to workers and managers under communism to improve productivity, the system suffered from gross inefficiencies.

For instance, the former Soviet Union and China follow the same basic communism ideology, but under the new type of communism Chinese citizens are allowed to work for themselves and keep the profit. Despite economic liberalization in China, the state's permission is needed for operation of 'free markets'.

b) Socialism:

In a socialist form of government, basic and heavy industries are operated by the government, whereas small businesses may be privately owned. Basic industries, such as mining, oil exploration, steel, ship building, railways, roads, airlines, etc., are kept under government control. The extent of government control under socialism is lower than communism. Countries following socialist system include Sweden, France, India, Poland, etc. However, the socialist countries too differ from each other in terms of the degrees of public and private ownership.

c) Capitalism:

In stark contrast to communism, capitalism is the economic system in which there is a complete freedom of private ownership of productive resources and industries. Thus, there is full freedom to both the business enterprises and the consumers that provides for a 'free market economy'.

Under capitalism, individuals are allowed to produce goods and services under competitive conditions giving rise to a 'market- oriented system'. Market prices are determined by the forces of demand and supply.

As individuals are motivated by private gains, it leads to product innovation, quality up gradation, increase in efficiency, and lower market prices. Capitalism too differs among countries. For instance, the US is highly capitalistic compared to Japan. Although business enterprises in Japan are privately owned, the Japanese Government does meticulously supervise their activities and, therefore, exerts indirect control.

The prevalence of the purest form of capitalism, laissez-faire, wherein the economic activity is left to the private sector with no government interference, is rare. Governments significantly influence a country's economic system. There is hardly any country that allows complete ownership either by the private sector or the government. Thus, the pure form of capitalism or communism hardly exists.

(ii) Types of Government: Political systems:

a) Democracy:

The word democracy is derived from demokratia, which means rule of the people or government by the people where citizens are directly involved in decision making. Over a period of time, there has been proliferation of population across the world and societies have become more complex. This has led to decision making by people's elected representatives in democratic countries. The most comprehensive definition of democracy is the government 'of the people, for the people, and by the people'. India is the largest democratic country in the world.

b) Totalitarianism:

It is a dictatorial form of centralized government that regulates every aspect of public and private behaviour. Power is centralized in the hands of a dictator who operates through a mixture of cultivating devoted followers and terrorizing those who do not agree with its policies.

Citizens in a totalitarian state are generally deprived of their basic rights of freedom of expression, organizing meetings, free media, tolerance, and elections, which are available under democracy.

Q.4. Explain the term legal environment. What are some legal factors that affect international marketing.

Ans. In international business, there are three systems of law that govern the relationships between entities. Learn the definitions of public international law, private international law, and foreign law, as well as the frameworks and principles of each. The International Legal Environment

Public international law is the system of rules and principles governing the conduct of and relationships between states and international organizations as well some of their persons. Private international law governs relationships between persons and organizations engaged in international transactions and addresses which laws will apply when the parties are in a legal dispute.

Foreign law is a law enacted by a foreign country.

Consumer protection, trade regulations and restrictions are just some of the legal factors that companies must be aware of in their international marketing efforts (Vogel, 1997). To start with an example; L'Oreal, the well-established global cosmetics brand, must censor the marketing and packaging of their products to comply with the rules and regulations present in the Middle Eastern regions. Although marketing and advertising in the Western world, particularly in the fashion and beauty industries, relies heavily on provocative imagery and messages, this would not only go against the socio-cultural perception of potential customers in Middle Eastern countries, it would also be illegal (Elbashier & Nicholls, 1983). Altering their marketing tactics in these regions is, therefore, a prerequisite for MNCs penetrating this market from a legal perspective.

Global companies have often been accused of attempting to monopolise certain industries, which negatively impacts on the overall reputation of the firm and often influences the local customers to perceive multinationals as a threat, rather than healthy competition for existing competitors (Eicher & Kang, 2005). Monopoly of an industry is a threat to customers at large, as the leader of the trade can set their prices and, without any competition; they can decrease the quality of the services or products offered (Kessides, 2004). Although national and international authorities that regulate the trade (i.e. the Competition Commission) ensure that the monopoly of the market will not take place through mergers and acquisitions of a market leader, international marketing has a significant role to play in maintaining a company's reputation intact (Jackson, 1997). The ability to communicate, through marketing messages, that the pricing strategies and level of customer services offered by a company is maintained even after mergers and acquisitions ensures that the customers can continue to perceive a company as ethical.

Unit III

Q.1. What is WTO? Discuss the objectives and functions of WTO.

Ans. Created in 1995, the World Trade Organization (WTO) is an international institution that oversees the rules for global trade among nations. It superseded the 1947 General Agreement on Tariffs and Trade (GATT) created in the wake of World War II.

The WTO is based on agreements signed by a majority of the world's trading nations. The main function of the organization is to help producers of goods and services, as well as exporters and importers, protect and manage their businesses.

As of 2021, the WTO has 164 member countries, with Liberia and Afghanistan the most recent members, having joined in July 2016, and 25 "observer" countries and governments.

The WTO is essentially an alternative dispute or mediation entity that upholds the international rules of trade among nations. The organization provides a platform that allows member governments to negotiate and resolve trade issues with other members.

The WTO's main focus is to provide open lines of communication concerning trade among its members.

The WTO has lowered trade barriers and increased trade among member countries. It also has also maintained trade barriers when it makes sense to do so in the global context. The WTO attempts to mediate between nations in order to benefit the global economy.

Once negotiations are complete and an agreement is in place, the WTO offers to interpret the agreement in case of a future dispute. All WTO agreements include a settlement process that allows it to conduct neutral conflict resolution.

The important objectives of WTO are:

1. To improve the standard of living of people in the member countries.
2. To ensure full employment and broad increase in effective demand.
3. To enlarge production and trade of goods.
4. To increase the trade of services.
5. To ensure optimum utilization of world resources.
6. To protect the environment.
7. To accept the concept of sustainable development. Functions:

The main functions of WTO are discussed below:

1. To implement rules and provisions related to trade policy review mechanism.
2. To provide a platform to member countries to decide future strategies related to trade and tariff.
3. To provide facilities for implementation, administration and operation of multilateral and bilateral agreements of the world trade.
4. To administer the rules and processes related to dispute settlement.

5. To ensure the optimum use of world resources.
6. To assist international organizations such as, IMF and IBRD for establishing coherence in Universal Economic Policy determination.

Q.2. Illustrate the organizational structure of ADB. Also elucidate its role in International Business.

Ans. The Asian Development Bank (ADB) is a multilateral development finance institution whose mission is to reduce poverty in the Asia Pacific region.

Although the ADB claims to operate in the interest of Asia's poorest citizens, civil society groups have long been concerned about the ADB's role in promoting sustainable and equitable growth in the region.

The ADB was founded in 1966 with the goal of eradicating poverty in the region. With over 1.9 billion people living on less than $2 a day in Asia, the institution has a formidable challenge.

It plays the following functions for countries in the Asia Pacific region:

i. Provides loans and equity investments to its Developing Member Countries (DMCs)
ii. Provides technical assistance for the planning and execution of development projects and programs and for advisory services
iii. Promotes and facilitates investment of public and private capital for development
iv. Assists in coordinating development policies and plans of its DMCs

Though well-intentioned, ADB-funded operations have been responsible for causing widespread environmental and social damage, adversely affecting some of the regions poorest and most vulnerable communities.

Though publicly financed by taxpayer dollars, ADB activities (and those of other multilateral development banks) are often carried out without the informed participation of affected people, Non- Governmental Organizations (NGOs), or, in many cases, the elected officials in the borrowing countries.

A global movement to reform the ADBs has based its activities on the assumption that sustainable development and poverty alleviation are impossible without informed public participation in the decision making process.

Civil society concerns with the ADB include:

i. Access to information about the ADB's operations
ii. Public participation in the design, implementation, monitoring and evaluation of ADB projects
iii. The social and environmental impacts of ADB programs and projects and the Bank's accountability for those impacts
iv. The ADB's private sector lending
v. The ADB's role in regional and sub-regional economic cooperation

The Bank Information Center, in collaboration with its partners, works toward democratizing the ADB so that social and environmental considerations are incorporated in the Banks' decision making processes and operations.

Organization Structure:

The highest decision making tier at ADB is its Board of Governors, to which each of ADB's 67 members nominate one Governor and an Alternate Governor to represent them. The Board of Governors meets formally once a year at an Annual Meeting held in a member country.

The Governors' day to day responsibilities are largely delegated to the 12-person Board of Directors, which performs its duties full time at ADB's Head Quarters in Manila.

The ADB President, under the Board's direction, conducts the business of ADB. The President is elected by the Board of Governors for a term of five years and may be re-elected.

Functions of the Asian Development Bank

1. Economic and Social Advancement

This bank has a membership program under which there are various benefits available for the members' countries.

These benefits include providing loan and investment at a concessional rate. One of the functions of the ADB is to provide loans and equity investments for the economic and social upgrade of developing member countries.

2. Technical Assistance

Most of the countries require a lot of services like advisory services. Moreover, they while operating at the international level, most of the countries require technical support too.

One of the functions of the Asian Development Bank is to provide technical assistance for the preparation and implementation of development projects and advisory services.

3. Investment Promotion

Firstly, the Asian Development Bank provides a lot of services to the member countries in the form of investments. At the same time, they also provide some specific sort of investment facilities for development purposes.

4. Support in Policies and Plans

Plans and policies play an important role in any country. There are various domestic agencies providing help to the authorities while framing various policies.

But there is a need for some international agencies at the same time for the same function. One of the main functions of the ADB is to provide help to the member countries in framing policies and plans at the international level.

Objectives of the Asian Development Bank

Firstly, its objective is to help the member countries in countering poverty. Hence, it helps them in poverty reduction and country development.

If both the social as well as the economic aspects of a country is rising, then it leads to economic growth. One of the objectives is to help the countries to go towards economic growth.

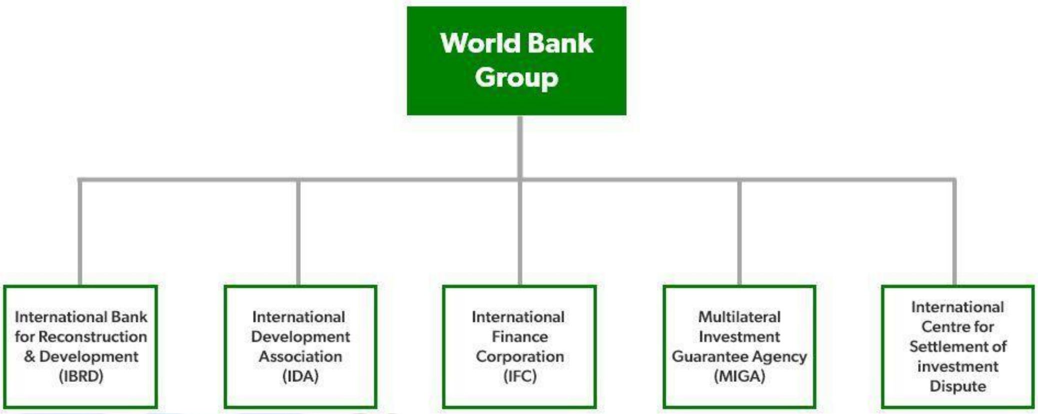
Thirdly, their objective is to support human development.

Moreover, they believe in preserving and protecting the environment.
Lastly, they work and wish to continue working towards empowering women and improving their status in society.

Q.3. Write a note on International Bank for Re-construction and Development (IBRD), discussing its features and objectives.

Ans. The International Bank of Reconstruction and Development (IBRD) is a development bank administered by the World Bank. The IBRD offers financial products and policy advice to countries aiming to reduce poverty and promote sustainable development. The International Bank of Reconstruction and Development is a cooperative owned by 189 member countries.

The International Bank of Reconstruction and Development (IBRD) is one of the two major institutions that make up the World Bank, with the other being the International Development Association (IDA). The IDA is a financial institution dedicated to making developmental loans to the world's poorest countries. The IBRD was founded in 1944 with the goal of helping war-torn European countries rebuild their infrastructure and their economies.



Following the recovery from World War II, the International Bank of Reconstruction and Development broadened its mandate to increasing global economic growth and eliminating poverty. Today, the IBRD focuses its services on middle-income countries or countries where the per capita income ranges from $1,026 to $12,375 per year. The IBRD adjusts these and other figures a bit yearly to account for inflation, economic changes within middle-income countries, and other factors.

These countries, like Indonesia, India, and Thailand, are often home to fast-growing economies that attract a lot of foreign investment and large infrastructure building projects. At the same time, middle-income countries are home to 70% of the world's poor people, as the benefits of this economic growth are unevenly distributed across their populations. The success of middle- income countries is precarious, as many economies that look promising will collapse under the weight of corruption and economic mismanagement.

The goal of the International Bank of Reconstruction and Development is to provide financing and economic policy advice to help the leaders of middle-income countries navigate the path toward greater prosperity. It will often help finance infrastructure projects that grow a country's economic potential while helping governments manage public finances and cultivate the confidence of foreign investors.

The Objective of IBRD:

IBRD's main objective is to provide financial assistance to middle-income countries, however, it also provides information services and strategic coordination to its borrowing member countries. IBRD only finances government-backed projects or directly finances sovereign governments. The loans offered by this bank have a long-term maturity period say 30 years, with a nominal or zero interest rate. Also, IBRD offers the loan in the local currency of a particular nation to avoid conversion charges. With the collaboration of the International Finance Corporation and IBRD, the bank offers loans with or without sovereign guarantees.

Who finances the IBRD?

The member countries of the IBRD are its major financiers the IBRD raises money from the holding of its shareholders. Also, it issues world bank bonds and borrows money from the international capital markets. In the Financial year 2019, the IBRD raised more than USD 54 Billion in around 27 different currencies. The return on equity and margins on loans are also major sources of income for IBRD. As the IBRD does not aims to earn any profit thus all the income generated from these different sources is diverted to IDA (International Development Association).

Q.4. What are the objectives and functions of UNCTAD? Explain

Ans. The U.N. General Assembly declared in December 1961 that 1960's would be the development decade. It indicated the recognition of the need for adopting measures to bridge up the trade and technological gaps between the rich and the poor countries of the world. In July 1962, the developing countries at their Cairo Conference adopted "Cairo Declaration" and called upon the United Nations to convene an international conference on trade and development.

The United Nations Economic and Social Council agreed to convene such a conference and passed a resolution to this effect on August 3, 1962. The United Nations General Assembly endorsed it in its resolution of December 8, 1962. It was on the recommendation of the United Nations Economic Council in July 1963 for convening a conference on trade and development that the United Nations Conference on Trade and Development (UNCTAD) was set up in 1963 as a permanent organ of the UN General Assembly.

It also defined the functions, activities and membership of the UNCTAD. All these developments resulted in the convening of the United Nations Conference on Trade and Development in Geneva from March to June 1964.

Organisation:

The UNCTAD has been set up as a permanent organ of the UN General Assembly. It has its own structure of subsidiary bodies and a full time Secretariat. It has instituted a Trade and Development Board and takes policy decisions when the conference is not in session. It is composed of 55 members, elected by the conference from among its members on the basis of equitable geographical distribution. The meeting of the Board takes place twice a year.

The Trade and Development Board is assisted in its functions by four subsidiary committees. These include:

(i) The committee on commodities,
(ii) The committee on manufactures,
(iii) The committee on shipping; and
(iv) The committee on invisible items and financing related to trade.

The meeting of these committees generally takes place once a year but the special session of committees can be convened to deal with the matters of urgent nature. All the members of the United Nations are eligible for the membership of the UNCTAD. Some of the most important objectives and functions of UNCTAD are given below:-

Objectives

The objective of UNCTAD is

(a) to reduce and eventually eliminate the trade gap between the developed and developing Countries, and

(b) and to accelerate the rate of economic growth of the developing world. Functions:

The main Functions of the UNCTAD are:

(i) To promote international trade between developed and developing countries with a view to accelerate economic development.
(ii) To formulate principles and policies on international trade and related problems of economic development.
(iii) To make proposals for putting its principles and policies into effect, (iv) To negotiate trade agreements.
(iv) To review and facilitate the coordination of activities of the other U.N. institutions in the field of international trade.
(v) To function as a centre for a harmonious trade and related documents in development policies of governments.

Activities:

The important activities of UNCTAD include

(a) research and support of negotiations for commodity agreements;

(b) technical elaboration of new trade schemes; and

(c) various promotional activities designed to help developing countries in the areas of trade and capital flows.

Unit IV

Q.1. What is international financial management? Elucidate its scope and importance.

Ans. International financial management also known as international finance, is a well- known term in today's world. It simply means financial management in an international business environment. It is different from financial management because of the different factors involved like currency, political situations, imperfect markets, and diversified opportunity sets.

Four Facets to Understand the Concept of International Financial Management in India:

a) Foreign Exchange

Foreign exchange is an additional risk that a finance manager is required to cater to in an international setting. Foreign exchange risk refers to the risk related to fluctuating prices of currency that has the potential to convert a profitable deal into a loss-making one.

b) Political Risks

Political risks may include any change in the business economic environment of the country. These changes can include Taxation Rules, Contract Act, or any unforeseen government action. It pertains to the government of a country that can change the rules of the game anytime, in an unexpected manner.

c) Market Imperfection

Due to market and product integration, the world economy faces a lot of differences across the countries in terms of transportation cost, different taxation systems, etc. Imperfect markets force the finance manager to strive for the best opportunities across international borders.

d) Enhanced Opportunity Set

By taking the business across national borders, a business expands its chances of reaping fruits of a different taste. Not only does it enhance the opportunity for more business but also diversifies the overall risk of business to various nations.

Objectives of International Financial Management:

a) Acquisition of Funds

This objective involves generating funds from internal as well as external sources. The goal of international financial management is to acquire funds at the lowest possible cost.

b) Investment Decisions

International financial management is concerned with the investment of acquired funds in an optimum manner in order to maximize shareholders' as well as stakeholders' wealth.

Compared to national financial markets, international markets have different analytics and dynamics. Proper management of international finances can help the organization to achieve the same level of efficiency and effectiveness in all the markets. Hence, without international financial management, sustaining in the market can be extremely strenuous.

Organizations are motivated to invest capital in international markets for the following reasons
a) Efficiently produce products in international markets
b) Obtain the essential raw material needed for production
c) Broaden and diversify markets
d) Yields will be high
International financial management is no different than financial management despite the fact that financial decisions made are taken in the area of international business. The international financial activities help the organizations connect with foreign dealings along with international business partners including customers, suppliers, lenders, etc.
International trade and related financial activities provide both opportunities and associated risks for investors, exporters and capitalists. By understanding the emerging trends in this field, they can learn how to invest fruitfully in today's environment. The field of international finance has seen a significant growth over the past decade.
International finance is that branch of financial economics that deals with the monetary or the macroeconomic inter relations between two or more nation states. This field studies the relationships and dynamics that exist in the global financial systems or the international monetary system such as balance of payments, stock exchanges, exchange rates, foreign direct investment as well as international trade. Multi-national organizations hire the experts in international financial management to study the inter-play between the various elements of international finance and accordingly formulate strategies for international business for their organization. It is also referred to as multinational finance, international monetary economics or international macroeconomics.

Scope of International Finance
As many prospects come into the picture, there is the scope it books profits and benefits from each of these prospects accordingly.
a) It is important while determine the exchange rates of the country. One can do this against the commodity or the common currency.
b) It plays a crucial role in investing in foreign debt securities to have a clear idea about the market.
c) The transaction between countries can be significant in assessing the economic conditions of the other country.

One can use arbitrage in tax, risk, and price to market imperfections to book good profits while transacting in international trade.

Significance and Importance

a) In a growing world moving towards globalization, its importance is growing in magnitude. Every day, the transaction between two countries for trade is scaling up with the supporting factors.

b) It considers the world a single market instead of individual markets and carries out the other procedures. For the same reason, the firms and corporations doing such research include institutions like the International Monetary fund (IMF), International Finance Corp (IFC), and the World Bank. Trade between two foreign countries is one factor in developing the local economy and improving economies of scale.

c) Currency fluctuations, arbitrage, interest rate, trade deficit, and other international macroeconomic factors are crucial in prevailing scenarios.

International Finance vs Domestic Finance

a) When all the business and economic transactions occur within a domestic boundary of the country, it is said to be domestic finance. However, if the transactions occur across international borders, it refers to international finance.

b) There is more than taxation; international finance's cultural and economic environment will be similar to domestic finance.

c) Currency rates and currency derivatives are usually involved in international finance. Whereas in domestic finance, not many financial instruments as such are used.

d) The stakeholders in domestic finance are usually uniform with a similar culture, language, and beliefs. Still, we can see diversity among stakeholders' cultures, languages, and values in international finance.

e) There are numerous options to raise capital from international finance, so the challenge will be high. Whereas in domestic finance, not many opportunities to raise money will be there. Thus, resulting in fewer challenges.

f) The accounting standards need to be as per GAAP in terms of international finance, whereas there is no need to maintain separate ones in domestic finance.

Q.2. What is International Monetary Fund (IMF)? Discuss its objectives.

Ans. The International Monetary Fund (IMF) is an international organization that promotes global economic growth and financial stability, encourages international trade, and reduces poverty.

Quotas of member countries are a key determinant of the voting power in IMF decisions. Votes comprise one vote per 100,000 special drawing rights (SDR) of quota plus basic votes. SDRs are an international type of monetary reserve currency created by the IMF as a supplement to the existing money reserves of member countries.

The International Monetary Fund (IMF) is based in Washington, D.C. The organization is currently composed of 190 member countries, each of which has representation on the IMF's executive board in proportion to its financial importance. Quotas are a key determinant of the voting power in IMF decisions. Votes comprise one vote per SDR100,000 of quota plus basic votes (same for all members).

IMF Activities

The IMF's primary methods for achieving these goals are monitoring capacity building and lending.

a) Surveillance

The IMF collects massive amounts of data on national economies, international trade, and the global economy in aggregate. The organization also provides regularly updated economic forecasts at the national and international levels. These forecasts, published in the World Economic Outlook, are accompanied by lengthy discussions on the effect of fiscal, monetary, and trade policies on growth prospects and financial stability.

b) Capacity Building

The IMF provides technical assistance, training, and policy advice to member countries through its capacity-building programs. These programs include training in data collection and analysis, which feed into the IMF's project of monitoring national and global economies.

c) Lending

The IMF makes loans to countries that are experiencing economic distress to prevent or mitigate financial crises. Members contribute the funds for this lending to a pool based on a quota system.

In 2019, loan resources in the amount of SDR 11.4 billion (SDR 0.4 billion above target) were secured to support the IMF’s concessional lending activities into the next decade.

IMF funds are often conditional on recipients making reforms to increase their growth potential and financial stability. Structural adjustment programs, as these conditional loans are known, have attracted criticism for exacerbating poverty and reproducing the colonialist structures.

Where Does the IMF Get Its Money?

The IMF gets its money through quotas and subscriptions from its member countries. These contributions are based on the size of the country's economy, making the U.S., with the world's largest economy, the largest contributor.

Article 1 of the Articles of Agreement (AGA) spell out the objectives for which the IMF was set up. These objectives are as follows:

1. To establish international monetary co-operation amongst its members. This is done through a permanent institution for collaboration and consultation in several issues.
2. To ensure foreign exchange rates stability and maintain orderly exchange arrangement among its members. Also, it works to rule out the unnecessary competitive exchange depreciation.
3. To relax or eliminate the exchange rate and fix them at a particular level to ensure the flow of international trade.
4. To create a multilateral trade and payment system in place of the bilateral trade agreements with regards to current transactions between members.
5. To promote international trade to achieve balanced growth. This ensures the promotion of high-income levels and employments among its member countries.
6. To help the backward countries attain balanced economic growth.
7. To promote capital investment from developed to backward economies to develop their economic resources.
8. To eliminate or reduce maladjustments or disequilibrium in the balance of payments among the member nations

Q.3. Differentiate between World Bank and IMF. Enumerate the various functions of World Bank.

Ans. The International Monetary Fund is a Bretton Woods Institution, founded in the year 1944, based in Washington, D.C., USA. The IMF is an autonomous body which began its operations in 1947. At its inception, the member countries were only 31 which has been exceeded to 188 countries. The fund is a unitary organisation, affiliated with the United Nation Organization (UNO). The IMF provides concessional and non-concessional lending to its member nations.

The main function of the IMF is to look after the international monetary system, bring financial stability, encourage world trade, reduce poverty, generate employment and stimulate sustainable growth of the economy. In 2012, the area of operation of the IMF was extended and now, it oversees all the matters relating to macroeconomics and finance.

The member nations contribute finance to the fund, in a fixed quota which is decided according to their national income and international trade. The quota is taken as a base to determine the borrowing rights and voting power of the country.

World BankWorld Bank is a global organization, working to provide loans to developing nations and to eliminate poverty. It was formed at the Bretton Woods Conference held in Washington, D.C., USA, in 1944. It is an international financial institution which started as a single organization, but now it is a group of five organizations namely:

• IBRD – International Bank for Reconstruction and Development

• IDA – International Development Association
• IFC – International Finance Corporation
• MIGA – Multilateral Investment Guarantee Agency
• ICSID – International Centre for Settlement of Investment Disputes

All these institutions are collectively known as the World Bank Group, however, IBRD and IDA are the two arms which constitute the World Bank. World Bank is a part of the World Bank Group and a member organization of the United Nation Development Group as well. At present, there are 188 member countries of IBRD and 172 member countries of IDA. It was initially established, to help the economies suffering due to World War-II in development, but later on, it aimed to help the underdeveloped member countries in becoming developed.

Key Differences Between IMF and World Bank

The following are the major differences between IMF and World Bank:

1. The International Monetary Fund is a controller of the world's monetary system. World Bank is a global financial institution.
2. The IMF focuses on bringing economic stability, whereas the World Bank laid emphasis on economic growth of the developing nations.
3. The size of the World Bank is more than three times larger than the size of the International Monetary Fund.
4. The International Monetary Organization is a unitary organization while the World Bank is bilateral organization.
5. At present, there are 188 member countries of the IMF, but if we talk about world bank, it has 188 member countries of IBRD and 172 member countries of IDA.
6. International Monetary Fund came into existence to provide advice and assistance. Conversely, the World Bank is created to facilitate lending.
7. The major objective of the IMF is to deal with matters related to the financial sector and macroeconomics. On the other hand, the purpose of the World Bank is to reduce poverty and to promote economic development.

Conclusion

The IMF and World Bank are the two Bretton Woods Institution, formed in 1944. There are many things in common, in these two international organizations. Both of them supports the international monetary and economic system. Almost all the countries of the world are the members of these two organizations.

Unit V

Q.1. What is Global Supply Chain? Discuss the driving forces of global suppy chain management.

Ans. Global supply chain management involves planning how the entire supply chain will function as an integrated whole, with the aim of generating an optimum level of customer service while being as cost efficient as possible. Other aims include increasing the speed your product reaches your customers, as well as flexibility in dealing with customer transactions. It incorporates management processes that integrate the network of suppliers, manufacturers, warehouses and retail outlets. This ensures the right type of goods are sourced, supplied, produced and shipped. These processes also help guarantee shipments are in the right quantities, locations, arrive on time and are in sound condition. To achieve successful integration, flows of information, materials and finances through the supply chain must be co-ordinated effectively. What are the three things all successful supply chain management needs? Supply chain management touches all of an organization's functions. To be successful, it requires focused effort across the entire company and collaboration with all outside suppliers and service providers. This means that supply chain management must have a multidimensional approach, involving people, processes and technology.

• People: People are key to supply chain management because they are the core of organizations. For successful supply chain management, the people involved must have the skills and knowledge to manage sourcing, manufacturing, storage and transportation of products. They must have a solid view of the company's strategic business vision and know how their role fits into the overall functioning of the supply chain.

• Processes The processes in supply chain management are the actions taken with the aim of satisfying customers. They include all functions involved in the supply chain: sourcing, distribution, transportation, warehousing, sales and customer service. They also include all actions performed by external companies that are part of the supply chain.

• Technology: Technology is used in the supply chain to connect people and processes. However, people involved in the supply chain will not use technology unless they find it easy to adopt. Careful selection and implementation of the supply chain technologies a company uses is essential for supply chain success.

There are four clusters of globalization drivers: market, cost, government and competition. These drivers can be considered as descriptive variables for the ongoing globalization process. Effective global supply chain management calls first for an understanding of each driver and the way it operates. Each driver has the ability to directly affect the supply chain and enable certain capabilities for globalization.

1. Market Drivers

When considering the globalization process, the homogenization of customer needs can be considered on the market side. This frequently means long production runs and centralized manufacturing and distribution centers in order to generate and benefit from economies of scale. On the other hand, building dispersed production facilities that have a lot of excess capacity and take into account a multitude of local securities are no longer required and instead replaced by fewer, larger and central production plants.

Another part of market driver can be referred to as channel globalization. A typical characteristic of the global customers is the coordinated or centralized ordering of materials or services. Companies as a customer now prefer to deal with few outsourced service providers, and distribution channel partners which are able to perform transportation, warehousing and other related services more effectively and at a better price than producers, distributors, retailers, or consumers could do on their own. Thus, global logistics service providers are preferred partners of globally operating companies.

2. Cost Drivers

Besides the drivers on the market side there are also variables on the cost side. The global scale economies are the most apparent of these drivers. Production processes geographically concentrated for worldwide delivery require sophisticated logistics operations.

Global sourcing, sourcing efficiencies, favorable logistics, differences in country costs (including exchange rates), high product development costs and fast changing technology are essential for the supply chain focus. Global sourcing involves identifying, evaluating, negotiating and configuring supply across several geographies to reduce costs, maximize performance and lessen risks. Global sourcing focuses on the upstream side of the supply chain and denotes the globally dispersed supplier locations of a company. Companies are no longer restrained to local suppliers but are free to select their suppliers on a global scale. Companies are being challenged to increase the level of global sourcing to tap into opportunities and to fend off competition. Most of them are ill equipped for the challenge, though global sourcing employs the same set of activities as domestic sourcing; there is also greater complexity. They need to improve the skills of their purchasing organizations to pursue global sourcing effectively.

Favorable logistics denote transportation, procurement, distribution, maintenance, warehousing, inventory management and etc. The increasing productivity due to technological progress of logistics industry has considerable impact on the capability to globalize operations.

Another driving force of globalization is differences in country costs. For example, low-priced work forces and easy access to inexpensive raw materials in several countries are some of supply opportunities that can be employed in global supply chain management in order to enhance the overall competitiveness of the supply chain. Moreover, expensive markets with high profit margins in other countries are demand chances which can be used to increase supply chain's income.

3. Government Drivers

One of important globalization drivers is government regulations. Favorable trade policies, compatible technical standards, common marketing regulations, government-owned competitors and customers and host government concerns are a number of governmental drivers.

The first one, favorable trade policy, has undoubtedly promoted international trade. For example, the WTO agreement has considerably pushed world trade. Agreements like this facilitate the worldwide cooperation and motivate companies to develop their domestic supply chain to new countries. Without the emergence of these policies, the globalization of business activities would not have occurred.

The compatibility of technical standards is of major importance as well. This applies to the transparency and compatibility of information systems which are essential components of every flow of goods. For instance, Global Trade Item Number (GTIN) is a part of a global item numbering scheme used in Radio Frequency Identification (RFID) technology to track products moving through supply chains that stretch all the way around the globe. This is a single international standard for information about the product and tracking so that people all over the world in different companies and countries be able to read the data easily and not have to translate it from one standard to another.

4. Competitive Drivers

The last group of drivers is called competitive drivers. High exports and imports, competitors from different continents, interdependency of countries and competitors globalized can be considered in this category.

High exports and imports represent flows of goods across national borders and thus are of critical importance for global supply chain management. The interdependencies of country activities reflect the increasing functional integration of economic activities across national boundaries. In globally configured supply chains, product components have to cross a multitude of national boundaries before a finished product can be handed over to the final customer.

Q.2. Illustrate the objectives & scope of International Human Resource Management (IHRM).

Ans. International HRM is a term encompassing all the HR practices involved in managing a global workforce. International HR professionals are responsible for the following within a multinational corporation:

1. Talent management including recruitment
2. Expatriation and repatriation
3. Training and developing
4. Compensation

HRM objectives can be grouped into the following categories:

1. Personal

These HRM objectives are concerned with supporting employees to reach their personal goals. It may involve introducing initiatives around recognition and reward for good work, skills training, compensation or implementing policies to ensure a healthy work-life balance.

2. Organisational

These objectives are aligned with the overarching business strategy and are therefore concerned with hiring the right talent, facilitating growth, driving profit and/or implementing policies. These are high-priority objectives for HR professionals.

3. Functional

These might relate to helping staff communicate effectively or collaborate across departments. Essentially functional objectives seek to ensure slick and effective ways of working across business functions.

4. Societal

These objectives are focused on upholding a business's legal and ethical responsibilities to its employees and society at large. For example, HRM teams should ensure a company's adherence to labour laws around equal opportunities and equal pay.

IHRM shares the same objectives outlined above for HRM generally.

However, the extra challenges that arise from managing a global workforce mean that International HR Managers will have more specific objectives centred on tackling these challenges and mitigating the risks inherent to IHRM.

These include:

a) Recruiting and retaining staff with the specific skillset and global mindset to take on international assignments and meet the business's strategic goals.

b) Training and developing staff in both hard and soft skills. Cross-cultural and local market training is particularly important for expatriate workers who must acclimatise to their new environment.

c) Compliance with international laws. International HR Managers must fully understand and comply with the labour and tax laws of each country it operates in. Failure to do so could result in major legal and/or financial penalties for the business.

Although the major activities of human resource management as practiced in international organizations, their scope, responsibilities, and authority may vary according to the size of the subsidiary. The policy making section may study the local situation and generate a report which will then submitted to the top management for approval. They themselves may not have the authority to formulate such policies.

Scope of IHRM:

Let us look at the major areas generally looked after by the human resource department:

1. Establishing or Reviewing Employment Policies:

Check their relevancy and applicability to International operations. For instance, Equal Employment Opportunity Policies relevant to the United States may not be applicable to the subsidiaries in overseas operations. Some countries allow only certain percentage of expatriates to be appointed in their subsidiaries.

Decisions regarding policies also must be made whether to fill all key positions with parent country nationals; appointment of home country nationals; appoint the best qualified irrespective of their nationality and so on.

2. Recruitment:

Recruitment and selection policies must be established taking local regulations and rules. Human resource plans must be drawn for the local operations annually and such information must be passed on to the headquarters for compilation of a cumulative plan for the whole corporation.

Checks and verifications must be made for the accuracy and relevancy for scheduled production and service operations of the subsidiary.

Such information must be updated annually or when and where changes have been made due to expansion of operations or retrenchment exercises due to economic slowdown or other human resource problems.

3. Selection Process:

The steps involved in the selection process must be examined to see their relevancy and applicability to the subsidiaries. For instance, the content and the information secured through application forms must be relevant and applicable to the local situation. Care must be exercised in importing such forms from parent company and using them in the subsidiary without incorporating the local content.

It may be easier to use imported application forms, but they may secure the right kind of information or the items in such forms may be understood by the applicant. Local laws must be taken into consideration rather than asking questions pertaining to laws and regulations in the country of parent organization.

4. Performance Assessment:

Performance assessment is an essential part of the Human resource Management in many of the international companies. They may range from simple to complex assessment systems, such as Competency based systems. The employee's performance is evaluated periodically with a formalized assessment system.

5. Training and Development:

Through Training and Development, international companies have contributed a great deal of education to the employees of their subsidiaries. In many organizations, a separate department is set up to look after this responsibility. Training improves the ability and knowledge of operative employees and development, improves the ability and knowledge of managerial personnel.

While training prepares the individual to meet the requirements of the job by upgrading their skills, development involves improving a manager's general knowledge to perform managerial responsibilities. Managers learn skills to make good decisions during class lectures and when get back to work, they apply such skills.

6. Employee Compensation:

Compensation is a complex subject when it comes to International area of management. Conditions, systems, and legal aspects vary from country to country. If two or more countries are involved in determining salaries and benefits to their employees in world-wide locations, the complexity is further increased.

The parent organization may have to work out several policies, procedures, and methods acceptable to the employees in various subsidiaries. This particular area of business also involves governmental rules and regulations, economic conditions, pressures from the unions and things alike. The currency exchange rate will further complicate the issue. When people are moved from one country to another, the internationally accepted standards and norms have to be followed.

Q.3. What is global e-business? Enumerate the advantages and disadvantages of global e- business.

Ans. Global e-commerce refers to the business of selling a product over the internet to buyers who live in foreign countries. There are practically no limits to where your company can expand its business, provided there is a market for your goods. But any expansion into a new market inevitably requires a lot of time, effort, and resources.

Global e-commerce can provide benefits for businesses and customers alike when incorporated thoughtfully and strategically.

For businesses

Benefits for businesses include:

1. Increased brand visibility: Establishing your brand in foreign countries allows more buyers to become familiar with your products or services. This in turn builds trust, expands brand visibility, and eventually increases sales.

2. Expanded customer base: Entering more markets and increasing brand visibility drives the potential customer base of your business.

3. Testing of new markets: One big reason an e-commerce store may reach out to a global audience is to use it as a testing ground. Opening up your business to a foreign country allows you to see if certain markets will be lucrative before acquiring a physical location there.

For customers

Benefits for customers include:

1. More product variety: Customers in different areas of the world benefit from global e- commerce by receiving more product variety. Products or services may be very desirable in countries or regions that do not develop them internally.

2. Increased contact between business and consumer: A well-thought-out global e-commerce strategy also enables greater communication between the business and its consumers.
3. Disadvantages of global e- business:
4. E-business does have certain disadvantages when compared to the traditional way of doing business. Some of the limitations of e-business are as follows :
5. Lack of Personal Touch: E-business lacks the personal touch. One cannot touch or feel the product. So it is difficult for the consumers to check the quality of a product. Also, the human touch is missing as well. In the traditional model, we have contact with the salesperson. This lends it a touch of humanity and credibility. It also builds trust with the customer. An e-Business model will always miss out on such attributes.
6. Delivery Time: The delivery of the products takes time. In traditional business, you get the product as soon as you buy it. But that doesn't happen in online business. This lag time often discourages customers. However, e-businesses are trying to resolve such issues by promising very limited delivery times. For example, Amazon now assures one-day delivery. This is an improvement but does not resolve the issue completely
7. Security Issues: There are a lot of people who scam through online business. Also, it is easier for hackers to get your financial details. It has a few security and integrity issues. This also causes distrust among potential customers.

Q.4. Throw some light upon the social responsibility issues involved international business. Also list down the tools of social responsibility.
Ans. Social responsibility issues in international business include:
1. Child labor
2. Workplace diversity
3. Working standards
4. Human rights
5. Equal employment opportunity
6. Trust and integrity
7. Environmental preservation

Multinational corporations are constantly confronted with moral dilemmas concerning these ethical issues. At times there is an apparent right course of action that such organizations might choose. Still, the situation in the area of operations might make it difficult to determine what is ethically acceptable.

For example, it is ethical to avoid gender discrimination and give women equal employment opportunities worldwide. But an organization operating in the Middle East may face a dilemma between upholding ethical standards and risking rejection from the local societies. Adhering to the local societies' customs that do not allow equal employment opportunities could risk the organization getting into

global scandals. To explain why ethical issues frequently arise in international business, consider a company that operates within the United States, say in California.
Most of the company's employees are likely to be from within. The same can be said for the customers and the stakeholders. It can also be said that people working in this hypothetical company exhibit similar or nearly similar societal norms. Most importantly, well-known state and federal laws regulate the company's activities. In such a case, all the players know the labor, wages, and environmental protection laws and have the same integrity perspective. The company is improbable to face ethical issues since all the ethics and regulations are well known.

However, suppose the company was to expand its operation to a country in Asia, like Japan. In that case, it will be expected to hire Japanese locals who have different cultural norms from Americans. Besides, Japan has different laws concerning environmental conservation, minimum wages, or an outlook on trust and integrity. The environmental laws and minimum wages in the US are superior to those in Japan. In such a case, the company will be torn between adhering to local laws, which might be less costly to comply with, or adhering to the parent country's law. However, the former might render the company competitively disadvantaged to other players in the host country.

At the same time, if the company chooses to work under norms established in the parent country, the locals might not feel so good about it as such norms do not align with theirs. This issue becomes even more complicated if the company has more subsidiaries in other regions such as Africa and South America. The bottom line is that every country has different cultural norms and regulations. What might be seen as normal in one country might be unacceptable in another. Besides, unethical practices in international business can be inviting to organizations as they present an advantage over expensive compliance needs.

Ethics in international business, act as a way for multinational corporations to strike a balance between doing what is correct from a global perspective and respecting the customs of local society. Organizations need to identify and counter ethical issues in the world since customers are growing more concerned about how businesses manage their operations rather than only focusing on product quality.
Tools of Social Responsibility:
Smooth relationship and understanding can be developed between the business and the community through the development of communication media or tools which may be the press, trained and educated men and women, local meetings and the social audit.

They are briefly explained as below.

1. Reliable means of Communication

In order to establish a smooth liaison and understanding between business and community, there must be a reliable means of communication. This is provided by a free and vigorous press, which is essential if the company is to discharge its responsibilities. It is through the press that good relationship is developed between the business and the people.

Regular and periodic representation of facts, figures, and statistics through press is a great asset for the business as much as its image in the public eye is brightened. That is why businessmen hold frequent press conferences to explain their points of view and present facts to the press and are prepared to hear its reactions.

2. Trained and Educated Men and Women

The company needs trained and educated men and women to carry on its business. As a citizen, the company has no right to damage the amenities/property of the community.

The presence of bad effluents, smoky chimneys, ugly buildings, heaps of solid waste emitting bad odour, insanitary slums, and polluted atmosphere is an indication of the fact that the business is quite negligent of its moral duty towards the community.

To improve the situation regarding proper siting of industry and housing colonies, the company must work through consultation of the locality, rather than build and own these without having such prior discussions.

The company should allow its workers time off for civic duties and for assisting the technical and other educational programmes.

3. Pubic Meetings

Public meetings serve a very useful purpose in as much as they apprise the community of what a company has done, what it proposes to do and whether its objectives have been accomplished. Such local meetings should be regular and annually held and open to the representatives of consumers, workers and the community besides those of the shareholders. At such meetings, the chairman gives the report on the general position of the business, the price of its products, their quality and standards, future prospects for their improvement, conditions of employment, prospects of expansion and growth, relation between business and the community and the activities that business has undertaken for the benefit of the community.

4. Social Audit

This is an important tool by which factual assessment of the work done and of the social performance of business is done. The objective of social audit is to find out whether any cooperation and mutual relationship exist between labor and management, and whether the business has fulfilled its economic, social and other responsibilities and maintained its predetermined standard and status; what is the nature of public relations with the customers etc. social audit must be compulsory for all companies.

Solved Paper - 2010

Time allowed: 3 Hours Max. Marks: 100

Attempt five questions in all. Question nos. 1 and 2 are compulsory.

Part- I

Q.1 Answer all the ten questions. All questions carry equal marks. (Answer limit up to 50 words each). 2 x 10 = 20

i. Give any two features of International Business.

Ans. International Business is full with lots of growth perspective. Such as-

a. It provides economic growth by accelerating trading with different countries. That develops immense options of gathering foreign exchange from international market.

b. It increases standard of living and technological advancements as the organizations have to deal with various economies. Betterment in any economy surely prospers the living standard.

ii. Define culture.

Ans. Culture is a combination of different components such as beliefs, values, attitudes, customs etc. It is a psychology of a human being to be affiliated in a certain group. Culture‟s components determines a personality of a person and allows him to transfer all those aspects in his further generations.

iii. Write any four features of mixed economic system.

Ans. Mixed economic system is an association of two major ownership i.e. private and state. It is beneficial due to the reasons of-

a. This economic system tries to develop an even patter of regional economic development.

b. It maintains a low rate of inflation.

iv. What are the indicators of Political instability?

Ans. Political instability can take place due to certain reasons such as-

a. Instability in economic environment of the nation resulted discrimination in taxes, unfair competition etc.

b. Social untrust can also be a reason which determines lack of trust on government

c. Domestication is also a symbol of instability where foreign companies transfer their investments to national control and ownership.

v. Differentiate between bilateralism and multilateralism.

Ans. Bilateralism is a term in which major exporter and importer of a commodity enters into an agreement/contract to purchase or sell certain quantity. This procedure can be converted into multilateralism. When more than one party enter into agreement/contract.

vi. What are the significant features of TRIMs?
Ans. Trade Related Investment Measures (TRIMs) refers to a imposition of certain restrictions by government concerned with foreign investments. Its features are-
a. Government allows certain amount of local inputs. It can be used by traders in products.
b. There is restriction on imports that it will not exceed a certain proportion of exports.
c. There will be a balance between trade and foreign exchange.
d. Al l the organizations are required not to sell a certain proportion of its output locally.

vii. Write different modes of entry to International Business.
Ans. There are various modes of entering into an International Market. Such as-

a. Licensing/franchising	b. Exporting
c. Contract manufacturing	d. Management contracting
e. Strategic alliance	f. Turnkey contracts
g. Assembly operations	h. Joint ventures
i. Mergers and acquisitions	j. Counter trade

viii. How does culture affects International Business?
Ans. Culture affects International Business by following ways-
a. Culture has a broad scope and it covers each and every aspect of society`s behavior.
b. Eminent International Behaviour always depends on culturally responsive environment of the company.
c. Marketer is supposed to obtain high information about target nation`s culture to get maximum profits at the time of competition.

ix. What is FOB?
Ans. If the loading expenditures are added into free alongside ship, then there will be development of new price quotation that is FOB. In this quotation all expenditures after loading goods will be paid by the importer only.

x. Tariff vs. Quota.
Ans. Tariffs are those duties or taxes which are imposed on international trade goods when these goods cross the national boundaries.

Quotas are such restrictions by the government on export which takes place when the government thinks that there is excess export and it is not in the favour of domestic consumer.

Q.2. Answer all the questions. All questions carry equal marks. (Answer limit up to 100 words each). 5 x 4 = 20

i. Which factors affect International pricing?

Ans. There are several factors that affect international pricing such as-

a. International marketing objective- What is the objective of international marketing always determines international pricing of the products. It can be market penetration, market skimming, price at new product development etc.

b. Cost- It is the most important factor of deciding price. All organizations want to cover its cost of production, transportation and marketing cost and they decide their product price accordingly.

c. Competition- Tough or low competitions are also a big determinant while deciding price. Competitors‟ price definitely helps to capture market because marketer wants to keep his price low and quality high as compare to competitors.

d. Product differentiation- More strong and unique features in a product gives marketers a freedom to get high prices. This is a positive aspect of particular goods that increases its value.

ii. Differentiate between balance of trade and balance of payment.

Ans. Balance of Trade- It includes every transaction between exporter and importer which is based on visible item i.e good. Any invisible item is not the part of it. Such as insurance, banking, payment of interest etc.

Balance of Payment involves both exchanges of visible and invisible items (the current and capital account items) such as foreign investment, external assistance, debt services etc.

iii. Differentiate between GATT and WTO.

Ans. GATT- Under the old system GATT was classified into two GATTs-

a. GATT -The agreement, i.e. The agreements between contracting parties (governments)

b. GATT-The organization, i.e. an international organization which discusses and administers agreements.

GATT was small and provisional and not even recognized by the law as an international org. GATT was amended into WTO.

WTO- It has more powers than GATT. It performs a major role in International economic matters. It administers trade agreements, provides negotiations, and monitors trade policies at vast levels. It also includes laws related to intellectual property.

iv. What type of relationship exists between the headquarters and subsidiaries?

Ans. Corporate Headquarters are just like spinal cord of an any organization. Strategies, policies, objectives are developed by it. It provides idea, techniques, resources to subsidiary. It coordinates each and every market program with subsidiary. The subsidiary reports Headquarters about distribution channels, local market risks and opportunities etc.

v. How two legal systems i.e. common law and code law differs?
Ans. Common law: it is constituted in English and it is available in countries where strong English influence. It is a traditional system and deals with only those decisions which had taken place previously or by customs or usages.

Code law: it is a legacy of Roman law. It deals in European nations mostly. There are certain subject matters available into a code in it which describes the whole law. Code law nations are more numerous than common law nations.

Part II

Attempt any three questions. Each question carries 20 marks.

Q.3 What is Foreign Direct Investment? What are the advantages and disadvantages of foreign investment?
Ans. In the very general sense Foreign Direct Investment is an act to do investments in other countries by any Multinational Enterprise. There can be various ways to do this investment such as- investments in the process of productions, acquiring an organization in target nation, by acquiring shares etc.
Foreign Direct Investment is a major tool for any nation to inflow international capital. It also enhances technical advancements and job opportunities in different streams.
Foreign Direct Investment can be further classified in two types:-
a. Inward foreign direct investment- It is an investment where Multinational Enterprises invest foreign capital in different local resources.
b. Outward foreign direct investment- It is a protective mode by the government where government protects investors from all associated risks.
Advantages of Foreign Direct Investment:
a. Many international organizations bring capital in the targeting nations. They also get new technology and methods to develop the economy.
b. It can force to proper utilization of national resources in target nations.
c. There can be economic growth in international trading of nation.
d. It develops more competition which is beneficial for the consumers
e. It brings external resources in country.
f. With Foreign Direct Investment, there can be a potential balance of payment
g. Export of the nation can be expanded with Foreign Direct Investment
h. It fulfills the domestic human resource needs.

i. It develops an eminent network in targeting nation.
j. It provides good quality products to consumers with low prices.

Disadvantages of Foreign Direct Investment:
a. In some extent it interferes the national politics which is harmful for national prestige.
b. MNC"s invest only in profitable areas not in priority sectors
c. There can be unethical attempts by MNC"s while doing direct investment.
d. Unfair trade practices can take place to stay alive in domestic competition.
e. Foreign Direct Investment can be harmful for the domestic market.

Q.4. Discuss competitive advantages and problems of International Business.
Ans. Before finding out the advantages and problems of International Business, we should get the meaning of International Business.
International business is that trading which opens a cross border transactions between two countries.
No matters these countries are developed, developing or underdeveloped.
These all transactions take place with the collaboration of highly skilled labour, capital, technology, transportation etc. In the other words it is an activity which increases foreign investment.
Advantages of International Business:
1. Cross border trading:- International Business is a transaction between two countries. One country is will be called exporting country and other country is named as importing country.
2. Includes exchange of goods and services: - International Business involves various transactions worldwide on the basis of goods and services. These all transactions take place for the purpose to improve economic condition or to earn money.
3. Two major activities:- International Business Involves two specific activities such as; Export/Import by the countries and Foreign Direct Investment by any organization.
4. Decreases Monopoly:- International Business gives an option to international business entity to explore domestic market. This option is quite helpful when we concern about monopoly by domestic organizations. International business entity will always enter in the domestic market with cheap prices and elite quality.
5. Develop economy:- International Business develops the economic conditions of targeting nations. Most of the underdeveloped and developing countries are being developed by international organizations.
6. Increase standard of living:- When an economy develops, it also develops the per capita income and if the earning capacity of natives increase, they start spending or investing money. Ultimately a positive relationship emerges between International Business and standard of living.

7. Utilization of resources of domestic market:- Resources show high importance in any business. Most of the countries have various resources but they do not have such technology, skill or manpower to explore it. International Business opens an option to explore those resources for the betterment of trade.
8. Earning FOREX:- It means earning foreign exchange with the help of International trading of goods or services. It is a positive aspect for the development of economic status.
9. Expansion of business:- International Business provides a door to expand domestic organization"s business worldwide. This business expansion creates opportunities in the field of investments, jobs, technology etc.
10. High quality products:- It is a common fact that every international organization will try to eradicate business roots of domestic organizations. This can be happen with high quality products having low prices.

Disadvantages of International Business:
a. International Business fails to adapt the product to the market.
b. It increases political instability by foreign direct investment.
c. Cultural differences can be the part of International Business.
d. International Business fails to achieve domestic market trust.
e. MNCs invest only in profitable market not in priority sectors.
f. There is high industrialization but low growth rate in developing countries by International Business.
g. It increases corruption sometimes.
h. There is a chance of technical piracy.

Q.5. What is regional economic integration? Discuss the advantages and disadvantages of it.
Ans. The goals which can not be achieved by single country/organizations, promotes regional economic integration. There are some rules and regulations that increase integration of economy. It is done for the purpose of mutual economic benefits to reduce regional trade and tariff barriers.

Advantages:
It reduces trade barriers between countries.
a. It increases political harmony between member nations.
b. It is one of the most important way in present global economy to strengthen economy.
c. There is a mutual achievement of goals by integration.
d. It develops a huge market with collaboration of different countries.
e. It facilitates cross border transactions.
f. It is helpful to shift business in other country with integration of economies.
g. It has its own rules and regulations.
h. It is a symbol of fastest economic growth.

i. It gives challenges to rest of the world.

Disadvantages:

a. There is limited trade opportunities as limited number of countries are the part of every integration.

b. Problem of similar products is also a genuine disadvantage.

c. There are fewer resources available in limited countries.

d. There can be inappropriate macroeconomic policies in it.

e. Chances of intra-regional conflicts are more in it.

Solved question paper of year 2011

Time allowed: Three Hour Maximum Marks: 100

Attempt five questions in all. Question Nos. 1 and 2 are compulsory.

Part – I

Q.1 Answer all the ten questions. All questions carry equal marks. (Answer limit up o 50 words each) 2x10=20

i. Why do we study International Business? (Any four reasons).
We study International Business because of-
a. To know about economic environment
b. To find out patterns of International Business
c. To seek knowledge of various International Investment Organizations
d. To get the details of legal environment of trade

ii. Two misconceptions about culture.
Two misconceptions about culture are-
a. Culture is just a composition of cast and religion.
b. Culture has low impact on International Business.

iii. What is cultural lag?
The concept of cultural lag was developed by W.F. orgburn who stated that various parts of modern culture do not change at the same rate.
Adjustments take place when there is a rapid change in one part.

iv. Differentiate between Common Law and Code Law.
Common law is based on previous court decisions, usage and customs Code law is based on extensive and presumably, comprehensive set of laws organized by subject matter into code.

v. Concept of Product Liability.
It is a liability of a product concerned with its quality, quality and all standards which are followed by its origin.

vi. Regulatory role of the Government in International Business.
Government plays a role of controller and as a monitoring agency in International Business. This role is performed by several laws and regulations.

vii. Any four features of free economy.
Free economy has various features. Such as-

a. Utilization of Natural Resources
b. Better division of labour
c. Breaks domestic monopolies
d. Low chances of corruption

viii. Any four impact of foreign direct investment on country development. There is a favourable impact of foreign direct investment on development on country. Such as-
a. Foreign direct investment shifts the burden of risk of an investment from domestic to foreign investors
b. It determines foreign policy of a country
c. It develops new technologies in country
d. It accelerates economic status of country

ix. Theocracy vs. Monarchy.
Monarchy is a political system in which control is possessed by king, emperor. They pursue supreme power to control on public.
Theocracy is a also a political system in which control is possessed by religious leaders. They hold all supreme power in their hands.

x. Differentiate between International Company and Multinational Company.
International Company- It is a domestic entity which operates all of its production procedures and market its products beyond national boundaries.
Multinational Company- It is a developed organization which invest in several countries for the purpose of production and market it in all around the world.

Q 2. Answer all the five questions. All questions carry equal marks (Answer limit up to 100 words each). 5 x 4 = 20
i. Write about the components of culture.
There are different elements available that affects culture. Although culture is very wide term with complexities yet its elements are useful for every organization. Culture encompasses following elements:-

- Social institutions- It includes all those institutions from where we learn, we adopt and we change our whole personality. These include family, media effect, political structure, education. Every human being is taught by these institutions.
- Material culture- It includes:-

a. Technology- It is an aspect for the people by the people. The technical knowhow relates to the advancements of products.
b. Economics- For the purpose of benefits people add their skills and talent towards work. These all activities comprise production of goods and services, distribution of it by various channels, consumption by the end user, income and means of exchange.

c. Man and the Universe- This element is based on religious belief of an individual. As we know religion plays a crucial role in determining moral values and ethical values. There is always a positive relationship between human consumption habits and their attitudes towards goods and services.
d. Aesthetics- This feeling of aesthetics creates positive attitude in human beings. This notion is always suitable for every international marketer. He will have to be sensitive to the aesthetics of community. This will help him to take all decisions related with product, its distribution etc.
e. Language- To communicate with any person, we need a language to support. The dealings like bargaining, negotiating are the key elements in International Business. Language can also be a hurdle in International Business, if it is not managed properly.

ii. Write and define any four foreign market entry strategies.
These are those strategies which are available to enter in a new business market. Some of the important market strategies are-
i. Licencing :- It is an easy process to enter in international market. In this policy a firm of a country allows other firm to use its intellectual property by providing them licence. The licensor firm charges royalty or fees which the licensee pays.
ii. Contract manufacturing: - In this strategy an organization dealing with international market contracts with foreign organization‟s firms to manufacture or to assemble the products. This is a very common practice in international business.
iii. Joint venture: - Joint venture is entering strategy of a firm in international market. It is an association between two firms which implies collaboration for a specific time period.
iv. Third country location: - It takes place when there is a political difference between those two countries which want to do business. At that moment countries do their business with the support of third country.

iii. Differentiate between fixed exchange rate and floating exchange rate.
Fixed exchange rate- It is also called stable exchange rate. In this system the countries change their value only at fairly intervals, when the economic conditions change. Stability in exchange rate is necessary for development and growth in international trade.
Floating exchange rate- In this system there is no stability in exchange rates. Exchange rates are determined in an open market. There are also negative arguments for floating exchange rate system but it is essential for the economy because the surplus in balance of payments increases exchange rate and deficit decreases in it.

iv. Any four assumptions of comparative cost advantage theory of international trade.

This theory defines that every nation should product those products which they have the greatest relative advantages. The theory of comparative cost advantage has following assumptions

a. Labour is the only productive factor
b. There are constant returns to scale
c. There is full employment equilibrium
d. Cost of production is measured in terms of the labour units involved

v. Any four features of FEMA.

Features of FEMA:-

a. FEMA supports trade structure of a country.
b. Sections relating to dealing in foreign exchange have been simplified with FEMA
c. It controls Foreign Exchange of India.
d. It regulates and monitors the Foreign Exchange of India

Part – II

Q. 3 (a) How is International Business broader in scope compared to international trade and international market? Analyze.

International business is that trading which opens a cross border transactions between two countries. No matters these countries are developed, developing or underdeveloped. These all transactions take place with the collaboration of highly skilled labour, capital, technology, transportation etc. In the other words it is an activity which increases foreign investment.

Scope of International Business is broader as compared to international trade and international marketing because it includes both of these activities in a different form i.e. Exports & Imports and Foreign Direct Investment.

Exports & imports are the most important activity in International Business. Export takes place when one country manufactures products and send it to another country for the purpose of to earn profits.

Import on the other hand is buying of goods from other countries to fulfill the requirements of domestic consumers.

Foreign Direct Investment is an act to do investments in other countries by any Multinational Enterprise. There can be various ways to do this investment such as- investments in the process of productions, acquiring an organization in target nation, by acquiring shares etc.

International Business holds more trade related activities such as:-

a. Import Trade: In import trade goods are imported from various countries and it is then after sold to the local consumers. It takes place when there is non-availability of goods in sufficient quantity.
b. Re-export Trade: In this system raw products are imported by organization from other exporting country and converted into finished goods. Then these finished goods are exported to other countries.
c. Export Trade: In export trade firm exports its products to other country. This can be done by different ways such as- by opening a branch, by licensing, by joint venture, by sub contracting etc.

(b.) Discuss the nature of International Business.
Nature of International Business:
1. Cross border trading:- International Business is a transaction between two countries. One country is will be called exporting country and other country is named as importing country.
2. Includes exchange of goods and services: - International Business involves various transactions worldwide on the basis of goods and services. These all transactions take place for the purpose to improve economic condition or to earn money.
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10. High quality products:- It is a common fact that every international organization will try to eradicate business roots of domestic organizations. This can be happen with high quality products having low prices.

Q.4 What is political environment? How does it affect International Business?
Ans. The political environment includes the concept of political parties within the nation and its impact on International Business. Most of the policies such as industrial policy, policy for international trade, fiscal policies etc are developed by political parties. In fact political and economic environment are related with each others.

Importance of political environment for International Business-

- It develops a regulatory structure for international trading.
- It controls trade related activities done by MNC"s.
- It decides need and importance of various pressure groups within a nation.
- It restricts trade related transactions with enemy nations for the purpose of national security.
- It monitors legality of international trading.
- It increases economic stability by development of different policies.
- It develops trading options with different countries.
- It develops stability in International Business.
- It defines various tax and tariffs.
- It saves economy from economic crisis.

Q.5 "Some argue that WTO is the third pillar of global business. But many argue that WTO is the Wrong Trade Organization". Critically comment.
Ans. World Trade Organization is beneficial for International Business. WTO is treated as a pillar of global economy because it helps trade flows as freely as possible. It helps to administer the world trade agreements, provide negotiations, monitors national trade policies etc. On the other hand it is treated as an organization that promotes wrong trade practices. There are several criticisms of WTO which are stated as follows:-
a. Most of the negotiations and decisions are controlled and monitored by only developed nations. They hold their command on developing and underdeveloped countries.
b. WTO points out commercial interests over development. Priority sectors of countries are overlapped by profitable sectors.
c. It is treated as a tool of powerful lobbies.
d. No organizational discipline has been imposed by WTO.
e. It is benefiting only developed countries. Developing countries just get raw deals from it.

In short, we can say that WTO has a positive impact on global economy but it also harms the world economy by above mentioned reasons.

Q.6 Describe briefly the main channels of distribution used in export markets. Which one you recommend for the product of a small manufacture and why?

Ans. Distribution may be defined as a tool to transfer title of goods from producer to end user. In other words it is set of firms or individuals that transfer titles of goods or services to the consumer.

Major channels of distribution are:-

Producer □ Merchant/Agent □ Importer/Agent/Broker □ Wholesaler/Distributor □ Retailer/Foreign Market Middlemen □ Consumer/Institutional User.

There are two alternative channels available for exporting-

- Marketing Middlemen- It is a combination of two important middlemen i.e. merchants and agents. Merchants take title to the product he sells while agent does not do.
- Cooperative organization- It carries export related activities on behalf of several manufacturers. It has two types i.e. piggyback marketing and exporting combination.

For a small manufacturer, direct exporting is the best way. It is so because small manufacturer has not high networks. They cannot be a part of indirect exporting because it needs high contacts with the consumers.

Although it can be costly for them to do direct exporting due to different middlemen. But it is the effective channel for them as they can cover their cost by providing goods/services to a vast market. This coverage cannot take place in indirect exporting.

International Business 2020

Q.1. Define international business also explain the difference between domestic and business.

OR

Discuss the significance of international business in present scenario

Q.2. "Though society and culture do not appear to be a part of business situations yet they are actually key elements in showing how business activities will be conducted". Discuss

OR

Discuss the key economic issues that influence international business

Q.3. Discuss the norms for joining World Trade Organisation buy a new country

OR

Explain the impact of WTO on India

Q.4. Discuss the history and objectives of International Monetary Fund

OR

How International Monetary Fund and World Bank differ from each other

Q.5. Define e business also describe its benefits

OR

Define International Human Resource Management also describe the advantages and disadvantages of decentralized approach of this

International Business 2019

Q.1. What do you mean by International Business? What are the main characteristics of international business

OR

What is the scope of international business? Explain the basic problems and challenges of international business

Q.2. What do you mean by political environment? Explain the major types of political system

OR

Explain the important business issues of legal environment

Q.3. What do you mean by different forms of business organisation structure? Explain the Global Matrix structure in detail
OR
What are the main functions of world trade organization? Elaborate the basic principles of trading system

Q.4. What do you mean by International Financial Management? Explain the main objectives of international Finance

OR

What is International Monetary Fund explain the functions of IMF

Q.5. What are the main documents used in export transactions? Explain

OR

What do you mean by global operations of business? Explain the main activities involved in global supply chain management

International Business 2018

Q.1. What do you mean by International Business? Explain the importance of international business to modern business organisation in detail

OR

Distinguish between domestic business and International business and write down the scope of international business

Q.2. What is culture? Write down the components of culture in detail

OR

Explain the factors of economic environment which influence the international business in detail

Q.3. What do you understand by international business organization? Explain the forms of international business organisation in detail

OR

Write a detailed note on World Trade Organisation

Q.4. What is International Financial Management? Explain the functions of International Financial Management in detail

OR

Write short note on the following International Monetary Fund IMF World Bank

Q.5. Describe the dominance of international human resource Management in detail

OR

Write an essay on ethics and social responsibility