MBIB 3002

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Third Semester

International Business

MANAGEMENT OF MULTINATIONAL CORPORATION

(2012-13 Batch onwards)

Time : Three hours | Maximum : 100 marks

PART A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

All questions carry equal marks.

1. What is MNC? Explain its benefits to home country

2. What are the challenges of international management in the present scenario?

3. Explain about Theory Z.

4. Explain some key characteristics of French, and German management practices?

5. What is the management style of Indian corporate while entering into the global trade?

6. What are the selected factors which influence for managing other western countries?

7. How can strategies be implemented effectively?

8. Differentiate international mergers and acquisitions.

PART B — ($5 \times 10 = 50$ marks)

Answer any FIVE questions.

All questions carry equal marks.

9. What advantages do multinational corporations have? What challenges must they meet? Give example

10. "21^{st} century, companies must take advantage of information technology-especially the internet" – Comment.

11. Do you think that the way in which managerial decisions are made in Japan could work in United States? Why or why not?

12. Discuss the Role and significance of MNCs. How it will be helpful to India's GDP growth?

Many critics say that coke's slow response. insisting that no real problem existed, and belated apology have severely damaged the company's reputation in Europe. Some would disagree and feel that coke handled the situation as best as it could. I think that Coke acted in a responsible diligent way," says John Sitcher. editor of Beverage Digest. their first responsibility was to ascertain the facts in a clear and unequivocal way. And as soon as coke knew what the facts were, they put out a statement to the Belgium people."

The character and quality of a company can often be measured by how it responds to adversity. Coca-cola believes that this crisis has forced the company to reexamine both its marketing and management strategies in Europe. Coke executives in Brussels are predicting that the company will double its European sales in the next decade and that this set back will only make the company stronger. Wall street analysts seem to agree. Only time will tell.

Questions :

(a) What are the management issues in this case?

(b) What did coke do and what could have been done differently?

(c) What were the key factors that were or should have been considered by management?

13. Elaborate the various approaches for formulating and implementing strategy in international business.

14. "One of the most common entry strategies for MNCs is the joint venture" - Why are so many companies opting for this strategy?

15. Elaborate the India's current policy towards FIs and FIIs.

16. How Indian corporate is benefited through International acquisitions? Explain.

PART C — (20 marks)

Compulsory.

17. Case study :

What seemed like an isolated incident of a few bad cans of Coca-Cola at a school in Belgium turned into near disaster for the soft-drink giants European operations? In June 1999. Coke experienced its worst nightmare — a contamination scare resulting in the recall of 14 million cases of Coke products in five European countries and a huge blow to consumer confidence in the quality and safety of the world's most recognizable brand.

After the initial scare in bornem, Belgium, coke and coca-cola enterprises, a bottler 40 percent owned by coca-cola, thought they had isolated the problem. Scientists at the bottling plant in Antwerp, Belgium, found that lapses in quality control had led to contaminated carbon dioxide being used in the bottling of a recent batch of coke. Company officials saw the contamination as a minor problem and they issued an apology to the school.

At the same time the problem was being dealt with in Antwerp. things were breaking down at coke's bottling plant in Dunkirk, France. In Belsele, ten miles from Bornem children machines at the school were stocked with coke from the company's Dunkirk plant and was thought to be safe. Now a second bottling plant's practices were being questioned. What initially seemed like an isolated incident was now a crisis.

Immediately following the second scare, Belgium's Health Minister banned the sale of all products produced in the Antwerp and Dunkirk plants. Things got worse when coke gave an incomplete set of recall codes to a school in Lochristi, Belgium, resulting in 38 children being rushed to the hospital. Immediately following this incident, French officials banned the sale of soft drinks produced in the Dunkirk plant. It was believed that fungicide on wooden shipping pallets was the cause of the illness linked to the drinks from that plant.

On June 15,1999, 11 days after the initial scare in Bornem, coke finally issued an explanation to the public. Most Europeans were not satisfied. Coca-cola officials used vague language and often contradicted one another when making statements.

The French Health Minister, Bernard Kouchner, stated, "That a company so very expert in advertising and marketing should be so poor in communicating on this matter is astonishing".

After three weeks of testing by both code officials and French government scientists, it was concluded that the plants were safe and that there was no immediate threat to the health of consumers. Coke destroyed all of the pallets in Dunkirk and tightened quality control on carbon dioxide.

How could this happen to a company that is revered worldwide for its quality control and the superiority of its products? Coke has spent decades building its reputation overseas, and the European market now represents 73 percent of total profits. While the scare has had some effect on coke's profits in Europe, the company is more concerned with damages to its reputation and consumer confidence in its products.