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**MBAH 503**

**Third Semester M.B.A. Degree Examination, December 2018**  
**BUSINESS ADMINISTRATION**  
**International Business Environment**

Time : 3 Hours

Max. Marks : 70

**SECTION – A**

**Note :** Answer to **each** question should **not** exceed **six** pages. **(1×15=15)**

1. Explain the theory of “Comparative cost advantage”. How do firms in two different countries benefit from international trade in terms of this theory ? Explain with examples.

**SECTION – B**

Answer **any five** questions. **Each** question carries **eight** marks. Answer to **each** question should **not** exceed **four** pages. **(5×8=40)**

2. Explain the different orientations of International Business.
3. How do domestic foreign and global business environments influence the international business decisions ?
4. Explain the role of international organizations in the promotion of international business.
5. Examine the rationale of tariff and non-tariff barriers in international business.
6. Explain the significance of FDI to the Indian economy.
7. Discuss the need and importance of bilateral and multilateral agreements in international environment.

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8. Critically examine impact of WTO on developing countries.
9. Discuss the need and importance of technology transfer and business process outsourcing.

**SECTION – C**  
**(Compulsory)**

Answer to the questions should **not** exceed **six** pages.

**(1×15=15)**

10. PepsiCo's strategy in the US is to focus on growing its healthier brands and non-carbonated drinks. Internationally, it is focusing on emerging markets, especially China, India and Russia. The lesson from China has been that, although carbonated beverages were targeted as the main product to lead sales, Chinese consumers have shown preferences for bottled water, juices and tea. This seems to indicate that it would be wrong to assume that consumers in developing markets opt first for carbonated drinks and acquire a taste for alternatives as they become more affluent. Strategy must adapt to tastes in differing markets, where there are usually strong local brands well established.

PepsiCo has been able to add new businesses and products by its strategy of diversification, allowing it to respond to changing consumer needs with a wide portfolio of products. In particular, it has added bottled water, snack foods (through the acquisition of Frito-Lay and Quaker Oats), juices (through the acquisition of Tropicana) and the sports drink Gatorade (as part of the Quaker Oats portfolio). These products reduce its dependence on traditional carbonated drinks. They also diversify the range of products for health-conscious consumers. By comparison, Coke has remained more dependent on its flagship carbonated drink, Coke. Although it has expanded into more markets internationally than PepsiCo, it has been slow to diversify into healthier products.

**Questions :**

- a) Discuss the International Business strategy of the company.
  - b) What are the International Business Environmental factors affecting the PepsiCo strategies ?
  - c) What are the strengths and weaknesses of the PepsiCo and Coca-Cola in international markets ?
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