Post Graduate Diploma in Management, 2013-15

Globalisation and Business Growth

Sub. Code: DM-602

Trimester – VI, END-TERM EXAMINATION, February 2015

Time: 2 Hrs 30 Min Max Marks: 50

Roll No. ---------------

Instructions:

1. Students are required to write their Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** In case of rough work please use answer sheet.

SECTION A (3X5=15 Marks)

Note: Attempt any three Questions

1. What are the different kinds of orientations that companies have towards international business?

2. Which are the four major risks in carrying out a global business strategy? Explain each briefly.

3. What are the different motivations for a firm to venture beyond its domestic boundaries?

4. What are the challenges faced by firms in setting up a robust organizational structure for manging a global business?

5. What is Geo-politics? What are the geo-political issues confronting an Indian company such as Reliance Industries which has a heavy exposure to the Oil and Gas sector?

TURN OVER

SECTION B (2X10 MARKS)

Note: Attempt any two questions

1. Kenichi Ohmae wrote a book titled 'The Borderless World'. Thomas Friedman wrote a book titled 'The World is Flat'. Pankaj Gehmawat wrote a book about 'Semi-globalization' which seems to be at odds with the previous two titles. What are your thoughts on this?

2. Geert Hofstede undertook a major study to exlain the dimensions of National Culture. Please explain the Dimensions of Hofstede's work.

3. Using 'Risk' and 'Control' as two variables, how will you explain the various modes of entry that are possible in International Business?

TURN OVER

SECTION C

(Case Study)

Note: Case Study is Compulsory

(15 Marks)

Why even the best companies have to pay globalisation penalty

Dibeyendu Ganguly, ET Bureau Jan 13, 2012, 12.07AM IST

Covering three continents, the Mumbai-Johannesburg-Buenos Aries route operated by South African Airways is a gruelling one by any standards. But it's a route Adi Godrej has grown comfortable with, having flown on it many times over the past five years.

The routine is usually the same. The chairman of the Godrej group first stops over in Johannesburg to visit the facilities of Godrej Africa, listen to presentations, visit the city's markets and have dinner with the top management team and then he flies into Buenos Aires for more of the same with the team at Godrej Argentina.

The visits have reduced since Godrej, 70, decided to give up the positon of managing director, and play less of a hands-on role as chairman, but they haven't stopped altogether. Sitting in the group's global headquarter (HQ), deep inside the sprawling old Godrej manufacturing facilities in the Mumbai suburb of Vikhroli, he says: "I like to be where the action is. Last year, I made at least one trip to each of the countries we operate in."

With operations in Indonesia, Malaysia, South Africa, Nigeria, Argentina, Brazil, the Middle East and UK, 35% of the Godrej group's manpower and revenues now reside abroad. Managing such a far-flung operation can take a toll on CEOs, and travel is the least of it. Globalisation's benefits are undeniable, but it also comes with risk in the form of ever increasing complexity, culture clashes and decreased co-ordination and control.

A recent study by McKinsey & Co consultants Martin Dewhurst, Jonathan Harris and Suzanne Heywood labels this the 'globalisation penalty' that even the most successful multinational companies (MNCs) pay.

They write: "High-performing global organisations are consistently less effective at setting a shared vision and engaging employees around it than are their local counterparts. These global leaders also find maintaining professional standards and encouraging innovation of all kinds more difficult. Because they do business in multiple countries, they find it more challenging than local leaders do to build government and community relationships and business partnerships."

Having partnered with several American MNCs in the past, Godrej is aware of how the globalisation penalty works and his efforts to maintain a collaborative working relationship with his own joint venture partners abroad, through constant communication and frequent visits, are a way of mitigating its effects.

"The natural instinct of large Western MNCs is to centralise and control. Our expansion strategy, on the other hand, is based on minimal interference from HQ. We have acquired entrepreneurial family businesses and believe in letting them operate as they deem fit," he says.

Question

1. What suggestions do you have for the Godrej group for a more effective globalisation strategy?

****