

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Course: Global Supply Chain Management

Semester: III

Programme: MBA(LSCM)

Time: 03 hrs.

Max. Marks: 100

Instructions:

All sections are compulsory & this question paper carries 4 sections.

	<u>Section – A (20 Marks)</u> Attempt all questions in this section.	Marks (1x20=20)	CO
Q 1	Q-1 a. Write the Full forms- a) ECGC b) AWB c) ULCC d) IGM e) IATA f) FTWZ g) IEC h) HSN i) GST j) DGFT	1 1 1 1 1 1 1 1 1 1	CO3, CO2, CO2, CO2, CO2, CO4 CO4 CO4 CO4 CO3
Q-1	Q-1 b. Fill in the blanks- 1. _____ is the remuneration paid to the owners of technology, patents or trade names for the use of same. 2. _____ was replaced by the World Trade Organization (WTO) in 1995. 3. A preferential duty rate is a rate of duty that is _____ than the normal tariff duty rate in the tariff of a country. 4. _____ occurs when firms sell goods below a 'fair market price' e.g. below cost, because of excess supply. 5. Patent is an example of _____. 6. _____ is a type of protectionism that sets a physical limit on the quantity of a good that can be imported into a country in a given period. 7. A/An _____ is generally a rail terminal situated in an inland location with rail connections to one or more container seaports.	1 1 1 1 1 1 1	CO2, CO1, CO1 CO1, CO2, CO1, CO2,

	8. BOLERO stands for_____.		
	9. _____ is the total capacity of the ship i.e max weight of cargo ship can carry.	1	CO5,
	10. The most significant adaptation of a vessel for container use was made in 1956 by_____, creator of Sea Land Corporation.	1	CO2,
		1	CO2

Section – B (20 Marks)

Attempt any four questions in this section, each carries 5 marks (5x4=20 marks)

Q-2.	Write short note on any four-		
	a. Contract manufacturing.	5	CO2,
	b. Franchising	5	CO2,
	c. Hub & Feeder Network in International Shipping.	5	CO2,
	d. Bill of Entry and its types.	5	CO3,
	e. Force Majeure	5	CO4

Section – C (30 Marks)

Attempt any 3 questions, each question carries 10 marks (10x3=30 marks)

Q -3	Explain the concept of protectionism policy followed by the government in free trade. Explain different measures of protectionism in detail.	10	CO1
Q-4	Explain in detail the letter of credit, types and its significance in International trade.	10	CO4
Q-5	What are ICDs and how are these different from the seaports? What is the importance of an ICD in International transportation?	10	CO2
Q-6	Describe the role of transportation and communication technologies, which have acted as drivers of globalization?	10	CO5

SECTION-D

Answer the following


(15x2=30 marks)

Q-7	“Documents are the soul of international trade transactions”. Elaborate this statement and discuss the importance of documentation in EXIM business.	3	CO4,
	In continuation, explain the following documents:		
	• Certificate of origin and its importance	3	CO4,
	• Clean bill of lading and its importance	3	CO2,
	• Shipping Bill	3	CO4
		3	CO4

	<ul style="list-style-type: none"> • Proforma Invoice 		
Q-8	<p style="text-align: center;">Caselet</p> <p style="text-align: center;">Wal-Mart's International Expansion</p> <p>Wal-Mart was the largest company in the world ranked by sales revenue in 2008 and by far the largest retailer. Its sales revenue of \$379 billion was over three times the size of its closest rival in the retail sector, Carrefour of France. Wal-Mart opened its first store in Rogers, Arkansas in 1962 and by the end of the 1970s had 276 stores in the USA. By the mid-1980s the number of stores had increased to 882 and in 1990 Wal-Mart became the US retail market leader, but the company did not venture abroad until 1991. Its first international store was opened in Mexico. This was followed by expansion into Puerto Rico, Canada, Hong Kong, Argentina, and Brazil, mainly through acquisition or greenfield investment. Wal-Mart then entered China through a joint-venture in 1996, Germany through the acquisition of Wertkauf and South Korea through a joint-venture in 1998, followed by the acquisition of Interspar in Germany and Asda in the UK in 1999. Wal-Mart also has operations in some of the Central American countries and, in 2007, formed a joint-venture with Bharti Enterprises in India and increased its equity stake in Seiyu of Japan to 95 per cent, having acquired majority ownership of the company the previous year. Wal-Mart has pioneered its own distinctive business methods. Many of its outlets are large discount stores offering a wide range of goods at low prices. It adopts a paternalistic management style towards its employees, describing them as 'associates', and prefers minimal involvement with trade unions. The company has extensive international sourcing arrangements in order to keep costs to a minimum. Its cost-control measures, large volume of sales, and streamlined business practices have helped to create a highly profitable business. However, like other multinational enterprises, Wal-Mart has had to adapt its strategies to the cultural, institutional, and competitive environment it faces in different countries. Sometimes this has meant using a joint-venture agreement rather than full FDI, especially when first entering an unfamiliar environment. At other times, the company has built new stores on a greenfield site or has acquired an existing established retailer. The European retail sector is dominated by a number of strong national competitors and Germany is no exception. Wal-Mart entered the German market through its acquisition of Wertkauf and Interspar, allowing immediate access to the country's mature retail sector. In addition to the established market leader, Metro, the German market includes successful 28 discounters such as Aldi and Lidl. Germany also has a distinctive institutional environment with a highly regulated labour market and strong trade unions. In one instance, Wal-Mart met opposition when trying to introduce a new ethics code for its staff, as the code was seen as overly restrictive by its German employees. Wal-Mart's paternalistic management style also sat uneasily with Germany's system of Mitbestimmung – involving the participation of trade unions in company decision making. Whilst Wal-Mart was able to use its vast resources and global scale to source low-cost supplies from China and other parts of the world, these</p>		

	<p>strengths offered little advantage when it came to supplying German beer, Bratwurst and the many specialized European brands that German consumers demand. This experience led Wal-Mart to sell its German operations to Metro in 2006. Wal-Mart's UK acquisition, Asda, sat more easily with the company's business model. Although the British retail market is also well established with a dominant player, Tesco, and other strong competitors, the institutional environment is closer to that of the United States and Asda had been modelling its business practices on those of Wal-Mart even before the take-over in 1999. Wal-Mart's position in the UK market, as number two to Tesco, is clearly different from its leadership role in the US market, but Wal-Mart has nevertheless consolidated its position as a leading discounter in the UK market. These experiences illustrate the significant differences between the cultural and institutional environments in different countries and the way in which Wal-Mart has responded to these differences. In particular, the case study provides an insight into the pattern of internationalization of one of the world's most successful companies and the extent to which its choice of country and mode of entry has been influenced by the company's organizational structure and strategy.</p> <p>Questions</p> <ol style="list-style-type: none"> 1. Why do you think Wal-Mart did not venture abroad until 1991, despite its success in the USA? 2. How would you explain Wal-Mart's choice of countries during the early stages of its international expansion in the 1990s? 3. On what grounds do you think Wal-Mart chooses between acquisitions, greenfield investments, and joint-ventures when entering a foreign market? 		
		5,	CO1,
		5,	CO2,
		5	CO2

SET-B

Name:			
Enrolment No:			
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, December 2018 Course: Global Supply Chain Management Semester: III Programme: MBA(LSCM) Time: 03 hrs. Max. Marks: 100 Instructions:			
All sections are compulsory & this question paper carries 4 sections.			
	<u>Section – A (20 Marks)</u> Attempt all questions in this section.	Marks(1x 20 =20)	CO
Q 1	Q-1 a. Write the Full forms- a. BOLERO b. SPS c. EGM d. TBT e. FTWZ f. IEC g. LEO h. GST i. DGFT j. TEU	1 1 1 1 1 1 1 1 1 1	CO5, CO3, CO3, CO3, CO1, CO3, CO2, CO2, CO3, CO2
Q-1	Q-1 b. Fill in the blanks- 1. A _____rate is a rate of duty that is lower than the normal tariff duty rate in the tariff of a country. 2. _____ is the weight of empty container. 3. GATT was replaced by the _____in 1995. 4. _____ occurs when firms sell goods below a ‘fair market price’ e.g. below cost, because of excess supply. 5. Patent is an example of _____.	1 1 1 1 1	CO1, CO2, CO1, CO1, CO2

	6. _____ is a warehouse under customs bond and allows firms to store imported goods for certain duration without having to pay duty on the entire amount of goods imported, but only on the amount which is moved from the warehouse for the internal consumption.	1	CO3,
	7. A/An _____ is generally a rail terminal situated in an inland location with rail connections to one or more container seaports.	1	CO2,
	8. ECGC stands for_____.	1	CO3
	9. _____ is the total capacity of the ship i.e max weight of cargo ship can carry.	1	CO2
	10. The most significant adaptation of a vessel for container use was made in 1956 by_____, creator of Sea Land Corporation.	1	CO2

Section – B (20 Marks)

Attempt any four questions in this section, each carries 5 marks (5x4=20 marks)

Q-2.	Write short note on any four- a) ICEGATE b) Role of Arbitrators in International trade dispute. c) Strategic sourcing d) Shipping Bill and its importance e) Good Faith	5 5 5 5 5	CO3, CO3 CO4, CO3 CO4

Section – C (30 Marks)

Attempt any 3 questions, each question carries 10 marks (10x3=30 marks)

Q -3	Discuss the issue of managing supplier relationship and explain the linear averaging method used for supplier evaluation, illustrate with relevant example.	10	CO3
Q-4	Explain in detail the letter of credit, types and its significance in International trade. How does a letter of credit works explain it with a process flowchart?	10	CO4
Q-5	What is packaging and its importance in International business? Write is the significance of markings in packaging with examples.	10	CO3
Q-6	Describe the role of transportation and communication technologies, which have acted as drivers of globalization?	10	CO5

SECTION-D(30 marks)

Read the following case and answer the questions given at the end of the case. (3x10=30 marks)

Q-8

Whirlpool's Dramatic Turnaround through Internationalization

Home appliance maker Whirlpool Corporation, headquartered in Benton Harbor, Michigan, generated over \$19 billion in annual sales in 2006, an increase of 26 percent from the previous year. Key factors influencing this performance include the acquisition of the Maytag Corporation in 2006 and an increased global demand for its brands and innovative products. During the next several years, the company expects growth in Asia and Latin America to be significantly higher than in North America and Europe.

Whirlpool employs more than 80,000 employees in over 60 manufacturing and technology centers worldwide. The firm manufactures washers, dryers, refrigerators, dishwashers, freezers, ranges, compactors, and microwave ovens in 13 countries and sells them in 170 others under brand names such as Whirlpool; Maytag, Magic Chef, Jenn-Air, Amana, KitchenAid, Kenmore, Brastemp, and Bauknecht. Whirlpool generates almost 60 percent of its sales from North America, 25 percent from Europe, 15 percent from Latin America, and just 2 percent from Asia.

International Expansion

As the U.S. appliance market matured in the 1990s, Whirlpool faced intense domestic competition and more demanding buyers, resulting in lower profit margins. Meanwhile, international market trade barriers fell, consumer affluence grew, and capitalism flourished. Management realized that it could best deal with these threats and opportunities by undertaking a systematic program of internationalization. As a result, Whirlpool engaged in a series of moves over the next decade.

Whirlpool acquired the appliance business of Philips in Europe, 65 percent of Italian cooling compressor manufacturer Aspera, and purchased Poland's second largest appliance maker. In Eastern Europe, Whirlpool created subsidiaries to sell and service appliances in Bulgaria, Hungary, Romania, Russia, Slovakia, and the Czech Republic.

In China, Whirlpool formed a joint venture to produce air conditioners and established a corporate headquarters and product development/technology center in Shanghai. The company also opened regional offices in Hong Kong, New Delhi, and Singapore. In Mexico, Whirlpool acquired Vitromatic, a former joint venture partner in Mexico. It also developed low-cost versions of popular models to target customers in low-income markets in Latin America, China, and India.

Three factors have driven this global expansion. First, Whirlpool sought to reduce its costs of R & D, manufacturing, and service by locating plants and other operations in lower-cost locations such as China, Mexico, and Poland. Second, flat to declining sales growth in the United States pressured management to target sales in new markets abroad. Third, Whirlpool realized the firm's manufacturing and assembly operations would benefit from a more global approach. Management redesigned products with more standardized parts and ramped up marketing to make Whirlpool a globally recognized brand. The company integrated the activities of regional subsidiaries so that Whirlpool's most advanced expertise in appliance technology, production, and distribution could be shared with the firm's divisions world-wide.

Innovation

Whirlpool conducted an internal critical assessment in the late 1990s. It became apparent that a consumer walking into any appliance store anywhere in the world would witness "sea of white" appliances with little differentiation, even between manufacturers. The industry became known as the "white goods business." Consumers perceived the products as commodities, which offered little differential advantage and commanded ever lower prices due to increasing competition.

In 1999, Whirlpool management launched a major campaign to differentiate the firm's offerings by emphasizing innovative, value-added products. In early 2000, Whirlpool enlisted 75 employees from almost every job classification and assigned them in groups to Benton Harbor, Italy, and Brazil. Training lasted nearly a year and was conducted by an outside consulting group.

The next step was to get the rest of the global workforce involved. Whirlpool established an intranet site and created a do-it-yourself course in innovation. Throughout 2001 and 2002 Whirlpool's "knowledge management" intranet site recorded up to 300,000 hits per month. The company established a rating system to identify high potential, innovative ideas. Since 2003, revenue has quadrupled annually. Whirlpool estimates that the new appliances in development from this system, once marketed, could produce \$ 3 billion in annual sales, up from projections of \$ 1.3 billion in 2003. Whirlpool developed microwave ovens that can grill steaks, bake pizzas, or come in the form of a drawer that slides out for easy access to large dishes. The firm invented a washer with a built-in sensor that detects the size of the load and automatically picks the water level, spin speed, and type of wash cycle, essentially making all decisions for the user.

Local Preferences

Cross-regional R&D teams also collaborate on innovations to adapt offerings to meet local demands in diverse international environments. For example, due to very different climates, Italians often line-dried their clothing, while the Danes need to spin-dry then clothes. Capacity requirements vary greatly for refrigerators. The Spanish care about capacity for meats, the British want well-constructed units, and the French are more concerned about the capacity for keeping fruits and vegetables fresh. Germans are particularly concerned about environmental features, while child safety features are very important to the Italians. In India, Whirlpool developed a washing machine that delivers a higher level of cleanliness for consumers who believe whiteness of clothing expresses purity. The washer's gentle handscrub movement and unique "hot wash technology" maximize the effectiveness of laundry detergent.

Whirlpool has benefited immensely from international business. The firm is a leading example of how internationalization can revive declining sales and optimize cost structures. It has developed international distribution that reduces expenses, leading to higher profits, and has positioned itself to challenge competitors on a global scale. The firm has thrived through sensitivity and commitment to consumers in diverse cultural and economic settings around the world.

Growing Competitive Threat from Abroad

Yet not all is bright and sparkling on Whirlpool's horizon. Haier, China's largest appliance maker established a production base and a distribution center in South Carolina in the United States. The firm also bought a six-story landmark structure in New York, dubbed the Haier Building, to house its U.S headquarters. The world's, fifth largest kitchen appliance maker, Haier has captured nearly 20 percent and 50 percent of the markets for window air conditioners and small refrigerators, respectively Now it is expanding into full-size refrigerators, Haier's moves are especially troubling given that Whirlpool generates very little of its sales from Asia, the world's most populous region, where Haier already has a strong presence.

Ironically, Haier's South Carolina factory is creating new jobs in a state that witnessed a mass exodus of textile jobs to factories in China; South Carolina receives foreign direct investment from various countries and is home to four Japanese and 18 European facilities. These trends show that globalization both benefits and poses new threats to Whirlpool's international ambitions.

As it struggles to remain a world-class player in a key industry, Whirlpool faces new challenges. Management wants to expand sales in emerging markets while defending the home market from global rivals from China and elsewhere. The firm seeks to continue to leverage and enjoy all the benefits of international business

	<p>Questions</p> <p>(a) What is the nature of Whirlpool's domestic and international business environments? What types of risk does the firm face?</p> <p>(b) How can Whirlpool benefit from going international? What types of advantages can the firm obtain? What advantages acquired abroad can help management improve Whirlpool's performance in its home market?</p> <p>(c) What actions has Whirlpool management taken to ensure that the firm succeeds in local markets throughout the world? To what extent is the appliance business local/regional rather than global?</p>	<p>10,</p> <p>10</p> <p>10</p>	<p>CO1,</p> <p>CO1</p> <p>CO2</p>
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