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MS-29

MANAGEMENT PROGRAMME (MP)

Term-End Examination

December, 2020

**MS-29 : INTERNATIONAL HUMAN RESOURCE
MANAGEMENT**

Time : 3 Hours

Maximum Marks : 100

Weightage : 70%

Note : (i) *There are two Sections—A and B.*

(ii) *Attempt any **three** questions from Section A. Each question carries **20** marks.*

(iii) *Section **B** is compulsory and carries **40** marks.*

Section—A

1. (a) Explain the concept of culture and its significance in relation to Global Management.

Lot-I

P. T. O.

- (b) “Diversified Work Forces bring talents, skills, knowledge, expertise and core competencies and thereby contributing to the competitive advantage of the company”. Discuss.
2. Briefly discuss the approaches in compensating their expatriate employees and the taxation issues.
 3. Discuss the issues in International Industrial relations, citing examples.
 4. Discuss and describe the criteria to be considered in appraising expatriates performance with examples.
 5. Write short notes on any **three** of the following :
 - (i) Talent Management
 - (ii) Ethical Dilemmas of MNCs
 - (iii) Characteristics of global mind-set
 - (iv) Transnational structure of organizations
 - (v) Cultural Sensitivity

Section—B

6. Read the case given below and answer the questions given at the end :

Since the reform initiative in 1979, the Chinese Government has promoted an aggressive policy of export led growth that has been exceptional gains. Currently China has boasted on average an eight per cent growth rate since the late 1980s. As the Chinese Government struggles with the adaptation from a central economy to one that is dictated by market forces, they have been under the careful scrutiny of the international community.

Many members of GATT and the WTO are somewhat apprehensive when they ponder the thought of a twenty-first century dominated by China. Despite this, many of the current economic powers have attempted to negotiate in an effort to bring China into the ranks of the World Trade Organisation.

With China's accession to a WTO many countries of the world are likely to experience imbalance in their foreign trade, including India. Experts, however, say, these will be short-term implications. In the long-run, consumers of the world as a whole will gain.

For nearly fifteen years, China has been seeking entry into the World Trade Organisation. With the successful completion of all bilateral Accession Protocols necessary for membership, in the recently concluded Doha Ministerial Conference (2001), China's membership to WTO has finally been accepted. For many China's entry into the WTO is a source of consternation, sparing fear of job losses in domestic home markets. Others worry that such a large, yet still highly regulated economy will disrupt the WTO, an institution committed to the principles of free trade. Politically, China preferred to join WTO to sort

its dispute with trade partners rather than to take a bilateral negotiation approach, as the latter is usually vulnerable to political intervention. For example, China has had to obtain the Most Favoured Nation (MFN) status from the U. S. on a yearly renewable basis. Despite its success in getting the renewal, China has always been tormented over its poor record in Human Rights and Missile Non-proliferation even as the U.S. Congress inter linked these issues with the renewal of MFN status. By joining the WTO, China hopes to avoid such conflicts with individual countries under the commonly agreed principles of the WTO and obtain permanent MFN status from its major trade partners. The second political consideration relates to the unification of China. After the handover of Hong Kong and Macao, Taiwan remains as the sole territory that the Chinese Government is committed to

integrate with. The membership of both China and Taiwan in the WTO will accelerate these linkages for two main reasons. First membership is almost certain to end Taiwan's long standing ban on direct shipping and air travel between Taiwan and the mainland. Second Taiwan will have to eliminate important non-tariff barriers on Chinese goods, notably the import ban imposed on a large number of goods of China origin. The increased inter-dependence on each side is likely to facilitate the future peaceful unification of China.

Another political reason is to enhance China and other developing economies' bargaining power over global trade issues. If China thinks that a drafted rule might handicap its interest or that of developing economies as a whole, it might align with other developing economies, together with Hong Kong and Macao, to veto

the agreement. In this way, China hopes to replicate its current influence in the United Nations at the WTO as well.

The determination of the Chinese government to transit China's highly centralised planning economy into a socialist market economy is also one of the most powerful drivers behind China's desperate bidding for the WTO.

Finally, China has for a long period believed in an export oriented strategy. Therefore, in order to gain access to world markets. China has been vigorous pursuing the WTO, even if it meant opening up its own markets.

Impact on India

On the positive side, China's entry into WTO may provide some relief to the Indian Industry. As a member of WTO, China will have to abide by the multilateral rules and the agreements and make its policies transparent. All these

may lessen the anxieties of the Indian industry about infiltration of exceptionally low cost products from China into the Indian market. China is likely to lose several of its existing advantages in the process of being WTO complain. Substantial lowering of tariffs, reduction of subsidies etc., should provide significant opportunities for accessing the Chinese market. Removal of quantitative restrictions (since China is not a country with BOP difficulty) is also expected to widen export opportunities. Further with transparent economic and trade policies, it should be easier for the Indian industry to understand this complicated and vast market, establish their presence and develop long-term strategy.

On the negative side, China's accession in the WTO has created new challenges for India in the sphere of trade and foreign policy. India will come under increased pressure to further

liberalise, particularly because China's offers on trade liberalisation go well beyond India.

Chinese entry into WTO is also likely to create impact on some sectors of India industry as under :

1. On manufacturing China has developed an excellent competency over Indian industries. Further India cannot impose anti-dumping duties on Chinese imports without discretion.
2. In Textile Sector, China will capture India's market share in the EU and other countries because of their much higher productivity.
3. Indian Auto Industry also, more particularly 2 wheeler industry will get adversely affected for China's relative cost advantage. For example, China can manufacture scooters for as little as \$100.

Following Indian companies to reap the advantage of post-Doha conference and subsequent China's accession to WTO decided to set up joint venture with Chinese Companies :

1. Bajaj Auto Ltd.
2. Ajanta Clocks
3. Videocon

Overall, its fell by various trade associations and confederation of Indian Industry that trade between China and India will increase after China's accession to WTO.

Questions :

- (i) On reading the news about accession of China to WTO, your Organisation, an internationally well known name in manufacturing of white goods, who had just two years' before started operation in India decide to relocate its manufacturing base in China. Discuss the likely benefits

your organisation can reap out of this move. What are likely problems your organisation may encounter in such move ?

- (ii) What would be the macro level impact on Indian economy with China's accession to WTO ? As a President of a Trade Association (dealing with textiles) what would be your role to protect the interest of your affiliated units.
- (iii) On what count, you may consider China's entry to WTO is a boon to India ?