



JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

SIXTH TRIMESTER (Batch 2020-22)

ENDTERM EXAMINATION, April 2022

Course Name	International Business	Course Code	IB601
Max. Time	2 hours	Max. Marks	40 MM

Attempt all the questions

It is an open book exam.

Don't exceed 200 words for Answers up to 8 marks questions.

Don't exceed 250 words for Answers of 10 marks questions.

Plag upto 15% is permissible.

Q1. Whirlpool Corporation started its journey back in 1908, with just 15 employees, as a manufacturer of household equipment. Over a century later, it is now one of the world's leading manufacturers of home appliances, with 92,000 employees and annual sales revenue of approximately \$21 billion. In addition, Whirlpool entered into a partnership with Brasmotor S.A., in Brazil, its first foray into the foreign market. Taking over from his predecessor Jack Sparks, Whitwam's goal was to increase manufacturing productivity, reduce costs, and integrate new technology to appliance production. When he took the helm of the company, Whirlpool's primary operations were in North America. But seven years later it expanded its market around the world, with manufacturing units in 11 countries. His business strategy was to leverage all its operations worldwide by bringing the best capabilities together in diverse geographical areas to gain competitive advantage.

In the mid 1990's, under Whitwam's aggressive globalization strategy, Whirlpool formed JVs in China and in India to enter the Asian market. However, in 1996, despite India and China being its largest markets, Whirlpool's revenues from its Asian operations accounted for only 6 percent of total revenues, and the company incurred losses worth \$70 million. Due to the losses incurred, and as a part of its restructuring strategy, Whirlpool withdrew two of its JVs in 1997. By late 1999, Whirlpool faced difficulties in driving growth in its global businesses. Despite adopting various operational initiatives to cut costs and achieve economies of scale in its operations, Whirlpool's revenues, profits, and market share were stagnant. Whitwam believed that innovative products were the solution, and would command premium prices and build customer loyalty. As part of the company's competitive strategy, he emphasized the need to develop an organizational culture that would spur Whirlpool's growth through consumer-focused innovation. And he did not want it to be limited to a few people in the organization.

Appointing Nancy T Snyder as the vice president of leadership and strategic competency development at Whirlpool was a way to ensure all employees took part in the creative process. Snyder introduced the “I-box” graphing tool to allow employees to demonstrate that their proposals were something that consumers would want, backing their arguments with adequate market research. The I-box tool allowed the flow of ideas from employees to Decision makers. Innovation led to the introduction of more products, but integrating these products into all its markets was difficult and expensive. Whirlpool found that integrating the best technologies and design processes for manufacturing its products lowers costs. In 2011, while setting up its operations in the Asia-Pacific region, Whirlpool faced challenges such as cultural differences in business ethics, availability of quality resources, and identifying suppliers that matched the company’s criteria of ‘Whirlpool Supplier Quality System. Whirlpool’s strategy is to understand the customer and translate that understanding in the service offered in terms of design, feature, superior products, and after sales support. Marc Bitzer, the current CEO, believes in rethinking and readjusting business strategies at regular intervals to ensure that the nature of the business aligns to the needs of the customers in a dynamic global business environment.

- a) Evaluate the strategies used by Whirlpool in becoming a global company? (8 marks)
- b) Whirlpool’s former CEO David Whitwam encouraged low-cost strategies before going in for big projects. *Evaluate* the statement. (6 marks)
- c) Discuss Whirlpool’s strategic approach to worldwide expansion. Given the conditions of the external environment, do you think this approach is correct? *Explain*. (6 marks)

Q2. The Regional Comprehensive Economic Partnership (RCEP), a mega trade bloc comprising 15 countries led by China that came into existence on Sunday, said India would have to write expressing “intention” to join the organisation to restart negotiation for membership. In a statement made public after the initialising ceremony among the member-countries on the sidelines of the 37th ASEAN Summit held virtually, the newly formed organisation has laid down the path for restarting discussion that had failed to admit India earlier and said “new” developments would be taken into consideration when India re-applied.

- a) *Evaluate* the short-term and long-term impact of RCEP on members and non-members. (10 marks)
- b) *Explain* the reasons cited by India for not joining this RTA. (10marks)