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UNIVERSITY OF PETROLEUM
AND ENERGY STUDIES



End Semester Examination, Apr 2017

Program/course: MBA-International Business (2015-17)
Subject: International Business Negotiations
Code: MBCG802
No. of page/s: 4

Semester: IV
Max. Marks: 100
Duration: 3 Hrs

Section-A. Short Answer/Objective type Questions (5 x 4 = 20 marks)

1. *Choose all that apply.* Negotiation is:
 - (a) A problem solving, “win-win” approach.
 - (b) Competitive or distributive bargaining.
 - (c) Employed where the resources are fixed or limited.
 - (d) An approach where one party’s gain is not dependent upon the other party’s concession.
2. *Choose all that apply.* General Characteristics of Negotiation are:
 - (a) Open information flow between the parties
 - (b) A search for a solution that meets the objectives of both parties
 - (c) Effort by each party to achieve its own, conflicting objectives
 - (d) Attempt to gain at the expense of the other.
3. *Choose all that apply.* In Monochronic Cultures:
 - (a) Time is precious and thought of as linear
 - (b) People engage in multi-tasking
 - (c) People do not tolerate lateness or interruptions
 - (d) Human relationships and interactions are given priority over time and schedules

Answer in 10-15 lines only.

4. Distinguish between “tough” and “soft” negotiation strategies.
5. How do low and high context cultures affect the nature or style of agreements?

Section-B. Short Answer Questions (2 x 10 = 20 marks)

Answer in 20-30 lines only.

6. (a) Contrast between negotiation of Private and Public sector international agreements.

OR

(b) Describe the various 'Modes of Conflict Management' as proposed by Blake & Mouton (1964)

7. (a) What are the important variables in *Weiss & Strip's* (1985) 'Framework for Analyzing Global Negotiations'?

OR

(b) Discuss the 'Ethical Aspects' of International Business Negotiations.

Section-C. Descriptive Type Questions (1 x 30 = 30 marks)

Answer any ONE in 40-50 lines only.

8. (a) Describe the International Business Negotiation Process.

OR

(b) Mention the 'General Guidelines' for International Business Negotiations.

OR

(c) Discuss the 'Impact of Culture and Personality' in Negotiations.

Section-D. Analytical Questions (2 x 15 = 30 marks)

Volkswagen Canada reaches deal to compensate customers affected by emissions scandal

Volkswagen Canada has reached a proposed deal to compensate about 105,000 Canadian vehicle owners affected by a diesel engine emissions scandal that rocked the company. A deal between the company and drivers of vehicles with 2.0-litre TDI engines who launched a class-action suit has been approved in principle and was expected to be signed Monday in Ontario Superior Court in Toronto. A similar court action was also taking place in Montreal.

If the proposed settlement gets court approval in Ontario and Quebec in March 2017, it will become final at the end of that month, after which Canadians will get their settlements.

To be eligible for compensation, the 2.0-litre TDI-equipped vehicles must be one of the following makes and model years: VW Jetta, 2009-2015; VW Jetta Wagon, 2009; VW Golf, 2010-2013, 2015; VW Passat, 2012-2015; VW Beetle, 2013-2015; VW Golf Wagon, 2010-2014; VW Golf Sportwagon, 2015; Audi A3, 2010-2013, 2015.

Under the deal, owners will be able to sell their vehicles back to the company, trade them in for new vehicles or get them repaired. Affected Canadian owners will also get between \$5,100 and \$8,000 in compensation, depending on the make and model of their vehicle.

People will have until March 4, 2017, to opt out of the settlement or object to it.

Jon Prystayko of Calgary owns a 2012 VW Jetta TDI, which he said he bought because of its good fuel economy. However, in the wake of the emissions scandal, he has only been using the car as his "winter beater." "I don't want to put any work into it or do any maintenance, because I didn't know what was happening," he told CBC News. Waiting to hear how VW would compensate drivers since the scandal erupted in September 2015, Prystayko said his reaction to news of the settlement was "neutral." "I am disappointed with how long it took, but at the same time, I will be satisfied when I have that money in my hands and my vehicle back in VW's hands," he said. Prystayko said he bought a newer VW vehicle with incentives the company offered, and now he just wants to be done with his diesel.

'A huge number'

The total settlement will be worth about \$2.1 billion if all drivers claim the amount they are owed, said Harvey T. Strosberg, who is a co-lead counsel for the class-action lawsuit. "It's a huge number," said Strosberg. "No corporation has paid that money in Canadian history. It is a watershed moment."

The drivers have been waiting since it was learned in 2015 that many VW vehicles were fitted with software to fool emissions tests. Vehicles fitted with the cheat emitted nitrogen oxide at a level many times more than permitted under pollution standards.

The settlement doesn't include an admission of responsibility from VW Canada.

"Volkswagen's primary goal has always been to ensure our Canadian customers are treated fairly, and we believe that this proposed resolution achieves this aim," said Volkswagen Group Canada president and CEO Maria Stenstroem in a release.

"We are working hard to earn back the trust of our customers, dealers and regulators, and today is an important step in that effort," she said, thanking Canadian customers for their patience.

Ontario Superior Court Judge Edward Belobaba called the deal a "slam dunk" class action.

Federal penalty

Meanwhile, the federal Competition Bureau said it has reached a consent agreement with Volkswagen Canada and Audi Canada for an additional \$15-million penalty. The bureau said the agreement was negotiated to address its conclusions that false or misleading environmental marketing claims were used to promote some vehicles with 2.0-litre diesel engines.

"The bureau's investigation found that Volkswagen Canada and Audi Canada misled consumers by promoting vehicles sold or leased in Canada as having clean diesel engines with reduced emissions that were cleaner than an equivalent gasoline engine sold in Canada," the agency said in a release.

The Competition Bureau said the settlement announced Monday does not resolve its ongoing inquiry into vehicles equipped with some 3.0-litre diesel engines.

VW reached a compensation deal with about 475,000 U.S. owners of vehicles with 2.0-litre diesel engines in August, and it was approved by a judge in late October.

U.S. VW owners can opt to have the company buy back their vehicles regardless of condition for the full trade-in price on Sept. 18, 2015, the day the scandal erupted, or pay for repairs. U.S. owners will also get between \$5,100 and \$10,000 US each, conditional on the age of the vehicle and whether the owner had it before Sept. 18 of last year.

Strosberg said the terms of Canadian and U.S. settlements are structured similarly, but the legal landmarks in each country are different.

"For example, the punitive damages are enormous in the U.S. They have [product] recall statutes that make treble damages. We don't have something like that here, but we have a fair and reasonable system." He also said the values of the vehicles in Canada will be different than in the U.S. "I think that the vehicles in Canada were older than the vehicles in the U.S., for example," he said.

On Monday, a judge in San Francisco gave attorneys for the U.S. government, VW and car owners until Tuesday to reach a settlement deal covering about 80,000 vehicles equipped with 3.0-litre diesel engines.

(Source: <http://www.cbc.ca/news/business/volkswagen-emissions-scandal-deal-canada-1.3903045> Accessed 07-Apr-2017)

Example related questions (answer in 30-40 lines only):

9. What are the interests at stake of the parties involved?
10. What are the implications of this deal for various stakeholders?

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