Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2022

Course: Managing Trade and Risk in International Business **Semester: III**
Program: BBA FT **Time: 03 hrs.**
Course Code: INTB 2002 **Max. Marks: 100**

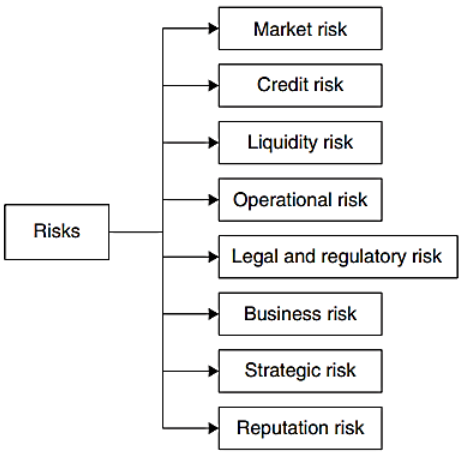
Instructions:

- ***Your answers must be "brief & to the point".***
- ***You may use a calculator if required. Cellphones / Tablets / Laptops / Books / Notes etc. are NOT allowed.***

SECTION A
10Q x 2M = 20 Marks

S. No.		Marks	CO
Q 1.	Define 'risk.'	**2**	**CO1**
Q 2.	Define 'uncertainty.'	**2**	**CO1**
Q 3.	What is 'Risk Management Process?'	**2**	**CO1**
Q 4.	What is 'hedging?'	**2**	**CO1**
Q 5.	What is a 'Risk Register?'	**2**	**CO1**
Q 6.	What is a 'Risk Heat Map?'	**2**	**CO1**
Q 7.	Define 'probability.'	**2**	**CO1**
Q 8.	Define 'expected value.'	**2**	**CO1**
Q 9.	Define 'expected utility.'	**2**	**CO1**
Q 10.	What is the 'St. Petersburg game' regarding uncertainty?	**2**	**CO1**

Please Turn Over

SECTION B **4Q** x **5M = 20 Marks**			
Q 11.	Briefly explain why is it called a 'paradox' in reference to the St. Petersburg game? *Illustrate a few steps of getting heads and tails of a fair coin in justifying the paradox.*	**5**	**CO1**
Q 12.	If you possess the information of (a) probability of risky events, and (b) severity of these events; how would you calculate a Risk Score for the Risk Register (RR)? *Illustrate with an example*.	**5**	**CO3**
Q 13.	What are a few ways to combat or, mitigate risks? Is 'hedging' one of them? *Give an example of 'hedging' in reference to the airlines industry*.	**5**	**CO2**
Q 14.	What are the three kinds of preferences toward risk in general? *Briefly discuss each of them.*	**5**	**CO1**
SECTION C **3Q** x **10M = 30 Marks**			
Q 15.	**COMPULSORY** [2 marks each] State FIVE (5) major differences between 'risk' and 'uncertainty.'	**10**	**CO1**
Q 16.	**COMPULSORY** [2 marks each] Briefly discuss about ANY FIVE (5) risks shown in the figure below *in the context of International Business*. **FIGURE** Typology of Risks  	**10**	**CO2**
Please Turn Over			

Q 17.	**<u>ATTEMPT ANY ONE</u>** **17.1.** Illustrating a free-hand flow diagram (step-by-step) discuss an MNC's Risk Management Process. **OR** **17.2.** Illustrating the different shapes of Utility Curve, briefly explain the three kinds of preferences toward risk with a numerical example. *Hint: Three Utility functions could be:* ***(1)*** $U(X) = \sqrt{X}$, ***(2)*** $U(X) = X$, *and* ***(3)*** $U(X) = X^2$. [<u>3 marks each + 1 for attempt</u>]	**10**	**CO3**
	SECTION D **2Q** x **15M = 30 Marks**		
Q 18.	**<u>COMPULSORY</u>** [<u>5 marks + 10 marks</u>] How does an energy crisis affect the oil production? Present and analyze the risks & uncertainties associated with global oil business from the point of views (POV) of an oil company which is situated in any one of the member countries of the OPEC, e.g., Pearl Petro, ADNOC, etc.	**15**	**CO4**
Q 19.	**<u>ATTEMPT ANY ONE</u>** [<u>5 marks + 10 marks</u>] The Nobel laureate economist, Dr. Abhijit Banerjee of Massachusetts Institute of Technology (MIT) comes to UPES for promoting his latest book ***'Cooking to Save Your Life'*** where he explores the social dimension of food in common people's lives.  A raffle is organized, in which (1) you, (2) your best pal, and (3) the Director of SoB are allowed to participate. The raffle ticket costs Rs. 300. If you win the raffle, you get a reward of Rs. 3,000 from Dr. Banerjee's 'donate the leftover' initiative. **19.1.** Would you buy the raffle? Why, or why not? Justify your answer *via* calculating the Expected Value (EV) of you winning the raffle? **OR** **19.2.** Suppose all Forty (40) students in your BBA-FT cohort are now allowed to participate in the raffle <u>in addition to the SoB Director</u>. Would you still buy the raffle if you are a *risk averse* person? Why, or why not? What would be the EV then? Show your work.	**15**	**CO3**