



**Institute of Human Resource Advancement (IHRA)**  
**University of Colombo, Sri Lanka**

**Master of Science in Service Management Course No.07 (English Medium)**  
**4<sup>th</sup> Trimester Examination**  
**(Held in February, 2023)**

**MSM 6432 – Globalizing of Services**

**Instructions to the Candidates**

- (1) This paper consists of six (06) questions and three (03) pages.
- (2) You must answer all six (06) questions given in Part I and II. Use separate answer books provided for the **Part I & Part II. Write on the top of the answer book whether it is Part I or Part II.**
- (3) Time allocated for the examination is three (03) hours.
- (4) Write your Index Number on all pages of answer scripts.
- (5) Tie up Part I and Part II of the answer scripts separately at the end of the examination.
- (6) If a page or a part of this question paper is not printed, please inform the Supervisor immediately.

## **Part I**

01.

- i. Globalisation is a process in which there is a worldwide expansion of ideas, knowledge, information, goods, and services. What are the forces that drive globalization?

(10 Marks)

- ii. Briefly discussed why is the globalization important for the service organization.

(10 Marks)

**(Total: 20 marks)**

02. 'National culture affects the globalization initiatives of firms'. Explain the cultural impact of globalization by giving examples.

(Total: 20 Marks)

## **Part II**

**Read the following case study and answer the questions given below.**

In the next decade, explosive growth is anticipated for services worldwide, exceeding 30 percent. This phenomenon is driven by three major shifts: the digitalization of service business models, the growth of demand in emerging countries and the deregulation of national markets.

Digitalization as a business model naturally facilitates service globalization by making it easier for companies to address new customer segments beyond the traditional bricks-and-mortar business. Such digitalization lowers market barriers but simultaneously opens traditional players to the risk of foreign competitors. Past a certain threshold – estimated at 15 percent of sales – digital throws the old market organization for a loop. Players which have been able to form truly global digital platforms have thus rewritten the game rules in their industry.

By playing the role of information aggregator, Google managed to capture the lion's share of online advertising revenues, completely upsetting the profit model of traditional media (press, radio, television). Traditional media players generate 86 percent of advertising revenues in the physical environment, but represent only 22 percent of the digital advertising market.

Apple has established itself in music distribution, with an 80 percent market share in online music by breaking the traditional industry rule forcing consumers to buy an entire album to acquire a single song. Today, Amazon is leading a similar revolution in the book industry (currently claiming 60 percent of the digital books market) by skirting the usual normative pricing structure and facilitating self-publishing. In the travel industry, operators such as Expedia and Booking are positioning themselves as direct competitors to travel agencies and hotel operators to capture customers. Reservations are made on the web on an increasingly massive scale.

In the software and IT services industry, IBM, Microsoft and Devoteam are delivering cloud computing services to help customers cut costs (an estimated 35 percent reduction in spend on online messaging and file transfers) and manage their installed software more efficiently. The cloud is used to render intangible a certain number of products which used to be distributed physically, with transfer of ownership. In other words, where is the labor needed to provide the service? We define "global services" as intellectual services which can be completely dematerialized (professional services, IT, media, etc.). Global services are the most easily exportable and highly vulnerable to global competition. They are also the most highly valued and in segments with the highest growth potential – they currently represent 33 percent of global services revenues. "Local services" (personal services, transportation, hotels, etc.) are traditionally fragmented and immature. The related labor force is local and not likely to be relocated. However, due to digitalization and market consolidation (e-commerce, franchises, platform pooling, etc.), local services are increasingly exposed to global competition. Finally, "intermediary services" refer to local services which can be delivered remotely thanks to e-commerce, and play an important intermediary role between the goods and services markets.

03. With the changes happening across globe as per the above article explain the opportunities Sri Lanka has in detail with reference to rapid technology adaption happening globally.

(30 Marks)

04. Explain the challenges faced by traditional players considering two selected industry segments as services are increasingly exposed to global competition.

(10 Marks)

05. What benefits might companies obtain from the globalization of markets and the globalization of services?

(10 Marks)

06. International organizations like World Bank, IMF, and World Trade organization play a major role in globalization. Explain this with appropriate examples highlighting impact of these organizations in global trade.

(10 Marks)

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