



ICM

SEPTEMBER 2015

THE INTERNATIONAL BUSINESS ENVIRONMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any THREE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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1. In July this year Rolls Royce, the world's second largest maker of jet engines, issued its fourth profit warning in 18 months. Discuss the actions that the new Chief Executive can take to restore the fortunes of the company. [33]
 2. Earlier this year the global bank HSBC was rumoured to be considering relocating its corporate headquarters from the UK to the Far East. Analyse why a global corporation such as HSBC might choose to relocate its HQ. [33]
 3. In June of this year local contractors in Zambia were expressing concerns about foreign construction companies taking advantage of the building boom in the country. Explain whether or not you consider it appropriate for governments to give preferential treatment to domestic companies and discuss the possible consequences of such a strategy. [33]
 4. During the early part of 2015 the online trading company eBay was preparing plans to sell off and establish as a separate company its profitable payments arm PayPal. Review the reasons for a company wanting to sell off a profitable part of its business. [33]
 5. In July of this year shareholders in Aer Lingus, the Irish airline, approved a takeover by International Airline Group. Assess the benefits that International Airline Group might hope to gain from the takeover and review the challenges that it might face. [33]
 6. In June of this year British Gas, the UK's gas supply company, announced a 5% cut in the price it charges consumers. Explain why a company might cut its prices in this way and discuss the advantages and disadvantages of such a strategy. [33]