



ICM

DECEMBER 2016

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. The Economist was reporting, in September 2016, of the example set by Tata Group in respect of its commitment to corporate social responsibility. However, other commentators were suggesting that the ethical way of doing business was used to tolerate financial and business underperformance. Explain the concept of **corporate social responsibility** and comment on whether you consider that this is an appropriate approach for companies with commitments and responsibilities to shareholders to follow. [33]
 2. Earlier this year it was reported that America's Department of Justice had asked Deutsche Bank, Germany's biggest lender, for \$14bn. This was to settle possible claims connected with underwriting and the sale of residential mortgage-backed securities. Analyse the potential impact of this demand on Deutsche Bank and review the action that it can take. [33]
 3. In September of this year Marriott International announced that it had completed the acquisition of Starwood Hotels and Resorts, creating the world's largest hotel company. Analyse the benefits that Marriott International might be hoping to gain from the merger and review the challenges that it might face. [33]
 4. Earlier this year, following the result of the referendum to leave the European Union, the British Pound collapsed in value by 30% against the US Dollar. Analyse the impact of a currency fluctuation on this scale on companies importing products to, and exporting products from, the UK. Review the action that importers, in particular, can take in response to the challenges that they will face. [33]
 5. Earlier this year Bralirwa, Rwanda's biggest brewer, experienced a 37.6% decline in after-tax profit in the face of competition from, in particular, East African Breweries Ltd and Nile Breweries. Analyse the action that a company, facing declining profits and competition, can take to restore its business performance. [33]
 6. In September 2016 Esure, the UK motor insurance company, demerged its price comparison business Gocompare to create a stand-alone business. Review the reasons why a company might demerge part of its business and comment on the challenges that it might face. [33]