



ICM

JUNE 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. Earlier this year, the UK food retailer J Sainsbury plc launched a takeover bid for the UK-based Home Retail Group. Explain why J Sainsbury might be launching a takeover bid and analyse the challenges that it might face. [33]
 2. In the early part of this year, the UK toy retailer Hornby plc, maker of toy trains, cars and model kits, issued a profit warning. This resulted in a drop in its share value of 60% in one day. Analyse the action that a company in this position can take to restore its business fortunes. [33]
 3. The global retailer Amazon was rumoured, earlier this year, to be considering a bid for the online UK grocery company Ocado as part of a diversification strategy. Explain the possible motivation behind Amazon wishing to move into a new sector and explain the challenges that it might face. [33]
 4. In April 2016 the Indian Government began taking action to reduce the level of gold imports into the country. Explain why a government might wish to reduce or control the import of goods and analyse the possible impact on the domestic economy. [33]
 5. Earlier this year it was being reported that Brazilian pulp producers were achieving record revenues and profit margins. This was despite the Brazilian economy being in recession and the country facing political upheaval. Economic commentators were questioning whether this level of success could continue. Analyse the potential threats to businesses performing at such a high level of success as is the case in the Brazilian pulp industry. [33]
 6. Earlier in 2016 McDonalds, the global fast-food company, announced plans to expand in Asia. The plans involved opening more than 1,500 properties in China, Hong Kong and South Korea over the next five years. Review the challenges that McDonalds might face with such a strategy. [33]