



PENINSULA
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GEORGETOWN



UNIVERSITY OF
PLYMOUTH

FINAL EXAMINATION

Programme Name	:	BA (HONOURS) BUSINESS 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL2029 AN INTRODUCTION TO INTERNATIONAL BUSINESS
Duration	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **FOUR (4)** questions.
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 3 printed pages including this page)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

SECTION A: CASE STUDY

[40 marks]

Answer **ALL** questions from this section.

CASE STUDY: FOREIGN DIRECT INVESTMENT IN NIGERIA

For years the economy of Nigeria, Africa's most populous nation, was held back by political instability, poor government policies, a lack of infrastructure, and endemic corruption. Also, widespread corruption, political instability, lack of transparency, security issues, import restrictions and poor quality of infrastructure are limiting the country's foreign direct investment's potential. Intense bureaucracy also curbs foreign investment.

This started to change in the 2000s. In halting steps, Nigeria has moved toward a more stable democratic form of government. In 2007, for the first time in the history of the country, there was a peaceful transfer of civilian power following general elections.

Since then, the government has pursued market-orientated reforms, including the removal of subsidies, privatization of some state-run businesses, lowering trade barriers, and deregulation. The government has tried to rid itself of corruption, albeit with mixed success. There has also been some attempt to improve the country's poor transportation and power infrastructure.

The reforms have had a positive impact. The gross domestic product (GDP) of Nigerian purchasing power parity almost tripled from \$170 billion in 2000 to \$451 billion in 2012. When estimates of the "informal" or "black economy" sector are taken into account, GDP may have been as large as \$630 billion in 2012. The economy grew at around 7 percent per annum during the 2010–2012 period. Powering this growth have been high oil prices. Nigeria is a significant oil producer, and high oil prices have helped to improve government finances, and as well as the industrial and agricultural sectors of the economy are also growing.

One of the major engines of growth has been foreign direct investment (FDI). For years, foreign investors stayed away from Nigeria—scared off by the political instability and high levels of corruption—but that too is starting to change. Encouraged by better economic management and the promise of a large domestic market, inward foreign investment in Nigeria increased from \$1.2 billion in 2000 to a peak of almost \$9 billion in both 2011 and 2012.

Over the years, successive Governments have made appreciable efforts at promoting a sustainable industrial development through policies, programmes, incentives et cetera. Among recent investors has been General Electric (GE), which announced in 2013 that it would put more than \$1 billion into Nigeria over the next five years. The investments include building a manufacturing plant to support the power generation and oil extraction industries and a service center for supporting GE equipment. GE believes that its investment will create 2,300 jobs.

While the majority of investments are still targeted at Nigeria's large energy sector, there are signs that this too is beginning to shift. A case in point is Procter & Gamble (P&G), which in 2012 invested \$250 million to construct a state-of-the-art plant to manufacture disposable diapers in Nigeria. Explaining the investment, a P&G spokesperson noted that "Nigeria has a very strong, dynamic and growing population of now over 167 million people with over 40 percent less than 15 years old.

By 2050, Nigeria is projected to have the third largest population in the world. This represents a rapidly growing number of consumers and a wonderful opportunity to serve." The P&G spokesperson also indicated that P&G would increase its investment if the Nigeria government was successful in further lowering import tariffs and consumption taxes and resolved some of the infrastructure problems that were currently holding the country back.

Nigeria's strategy to move toward manufacturing seems to pay off as per UNCTAD 2021 World Investment Report, FDI flows to Nigeria totalled USD 2.4 billion in 2020, showing a slight 3.5

per cent increase from the previous year (USD 2.3 billion in 2019), despite the global economic crisis triggered by the Covid-19 pandemic.

END OF CASE STUDY

Adapted and modified from: K. Aderinokun, "*Nigeria: We Want to Make Nigeria the Hub of Procter and Gamble's West African Operations,*" *AllAfrica*, August 21, 2012

1. a) Discuss any **FIVE (5)** benefits of foreign direct investment to emerging countries like Nigeria. (20 marks)

 - b) Rising oil prices has been one of the factors that contributed to Nigeria's economy growth. However, oil price fluctuates. Suggest ways to Nigerian government in ensuring the sustainability of its' economy growth. (20 marks)
- Total: [40 marks]

SECTION B: ESSAY QUESTIONS

[60 marks]

Answer **ALL** questions from this section.

2. a) Explain the **THREE (3)** basic decisions firms must make when they decide on foreign expansion. (9 marks)

 - b) Strategic alliances is one of the most common entry modes firms use to enter foreign markets. Define strategic alliances and examine the steps involved in making alliances work. (11 marks)
- Total: [20 marks]
3. a) Identify any **FIVE (5)** policy instruments used by government to influence international trade flows. (10 marks)

 - b) Examine the economic and political arguments for regional economic integration. (10 marks)
- Total: [20 marks]
4. Analyse the different global strategies for competing in the global marketplace. Provide an example of real company that use these strategies. (20 marks)
- Total: (20 marks)

- END OF QUESTIONS -