ASSIGNMENT

Course Code	**:**	**MMPC-016**
Course Title	**:**	**International Business Management**
Assignment Code	**:**	**MMPC-016/TMA/JULY/2026**
Coverage	**:**	**All Blocks**

Note: Attempt all the questions and submit this assignment to the Coordinator of your study centre. Last date of submission for July 2026 Semester is 31st October 2026 and for January 2027 Semester is 30th April 2027.

1. Analyse the impact of political, economic, socio-cultural, technical, legal, and environmental (PESTLE) variables on multinational firms that operate across borders.

2. Discuss classical and modern trade theories explaining current global trade patterns, using examples from growing economies such as India and China.

3. A medium-sized Indian manufacturing company intends to expand its operations into global markets. Discuss different international market entry strategies available for the organization.

4. Explain the significance of International Financial Management in International Business. Discuss how foreign exchange fluctuations affect international trade and investment.

5. "Managing people across cultures is one of the biggest challenges in international business." In light of the above statement explain the role of culture in international business management. Explain giving suitable examples.

1. Analyse the impact of political, economic, socio-cultural, technical, legal, and environmental (PESTLE) variables on multinational firms that operate across borders.

Answer

A multinational firm operates in more than one national environment at the same time. Therefore, its decisions are influenced not only by customers and competitors but also by wider conditions in every host country. PESTLE analysis helps the firm examine political, economic, socio-cultural, technical, legal and environmental variables before entering a country and while managing existing operations. These variables affect location choice, investment size, sourcing, pricing, staffing, risk and long-term profitability.

Political variables

Political conditions influence whether a country is predictable enough for long-term investment. Political stability, quality of government, foreign investment policy, trade policy, tax policy, relations with other countries and the risk of sanctions or conflict can all change the operating environment. A government may encourage multinational firms through easier FDI rules, industrial incentives or infrastructure support. The same firm may face restrictions elsewhere through local-content requirements, import controls, ownership limits or sudden policy changes. Political tension between two countries can also interrupt shipping, payments or access to technology. Multinational firms therefore monitor elections, policy direction and geopolitical developments and often spread important operations across more than one country to reduce concentration risk.

Economic variables

Economic conditions directly affect market potential and cost. Important factors include GDP growth, income levels, inflation, interest rates, unemployment, wage levels, exchange rates, availability of credit, infrastructure and the stage of the business cycle. A fast-growing economy may create demand for consumer goods, machinery and services, while high inflation can raise input costs and weaken purchasing power. Interest rates influence the cost of borrowing, and exchange-rate movement changes the home-currency value of sales, imports and profits. For example, a firm importing components into India may face higher rupee costs when the rupee weakens against the invoicing currency. A multinational therefore compares not just present market size but also economic stability, productivity and expected future growth.

Socio-cultural variables