TUTOR MARKED ASSIGNMENT

COURSE CODE	**:**	**IBO-01**
COURSE TITLE	**:**	**International Business Environment**
ASSIGNMENT CODE	**:**	**IBO-01/TMA/2026-2027**
COVERAGE	**:**	**ALL BLOCKS**

Maximum Marks: 100

Attempt all the questions:

1. a) What is cultural environment? Discuss important elements of culture and their impact on a firm's international business operations. **(10+10)**

b) Explain modern theory of trade. Distinguish between absolute advantage and comparative advantage theory.

2. Explain the accounting mechanism of balance of payment. Distinguish between current account, capital account and official reserves account. Also analyse the causes and consequences of disequilibrium in balance of payment. **(4+8+8)**

3. **Comment on the following:** **(4×5)**

a) A tariff leads to a rise in the country's demand for import.

b) World GDP has grown at the faster rate than the world merchandise trade.

c) Market intermediaries fall under macro environment.

d) Agricultural goods are the single largest group of items traded internationally.

4. **Distinguish between:** **(4×5)**

a) Economic environment and Legal environment

b) Express contracts and Implied contracts

c) Arbitration and Litigation

d) Product standards and Process standards

5. **Write short notes on the following:** **(4×5)**

a) Protectionism

b) Future goods

c) The Basel Convention

d) Code of Ethics for International Marketing

1. a) What is cultural environment? Discuss important elements of culture and their impact on a firm's international business operations. (10+10)

Answer

Cultural environment refers to the shared values, beliefs, customs, habits, social rules and ways of life that influence how people in a society think and behave. Culture is learned from family, school, religion, peer groups and other social institutions. It is not limited to festivals or dress; it also shapes attitudes towards work, authority, time, risk, communication, consumption and relationships. For an international firm, culture is therefore a major part of the business environment because a product, advertisement or management practice that works well in one country may be misunderstood or rejected in another.

Important elements of culture and their business impact

1. Language and communication. Language is the most visible element of culture. It includes spoken and written language as well as tone, gestures and other non-verbal signals. A firm must translate product information, contracts, websites and advertisements carefully. A literal translation may change the intended meaning or even create an embarrassing brand message. Communication style also affects meetings and negotiations. Some cultures prefer direct statements, while others rely more on context, relationships and indirect expression. International managers therefore need local language support and cultural sensitivity, not only translation.

2. Religion and beliefs. Religion influences food habits, working days, holidays, dress, finance and acceptable forms of promotion. For example, food companies may need halal or kosher certification; financial institutions may have to offer products consistent with religious principles; and firms must plan production and promotion around important religious periods. Ignoring such beliefs can damage trust and create a serious market reaction.

3. Values, attitudes and social norms. Values indicate what a society considers desirable, proper or important. Attitudes towards individual achievement, family responsibility, authority, competition, uncertainty, savings, leisure and risk influence both consumers and employees. A country with strong group orientation may respond better to family or community-based marketing, while an individualistic market may respond more to personal choice and self-expression. The same differences influence leadership style, incentives and decision-making inside the firm.

4. Social organisation, family and status. Family structure, social class, caste or community groups, age roles and gender roles affect who makes purchasing