



ZIMBABWE EZEKIEL GUTI UNIVERSITY

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FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

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DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

MODULE CODE : CBM 424  
MODULE TITLE : MANAGEMENT OF INTERNATIONAL  
BUSINESS  
DURATION : 3 Hours  
LEVEL : 4.2  
DATE

28 NOV 2025

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed
3. Answer question number **one (1)** in Section A (Compulsory) and any other **three (3)** questions in Section B.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets [ ]
6. Show all workings, where applicable.

## SECTION A (Compulsory)

### CASE STUDY: Global market twists - electric cars create challenges for oil producers

Oil companies are facing uncertainty in 2020 as the COVID-19 pandemic causes a collapse in demand for their product, but car producers are predicting the pandemic will help accelerate the use of electric cars. Looking ahead, cuts in investment by oil companies as their revenues fall could reduce supply enough to cause a rise in oil prices. This makes electric cars more attractive just as car producers increase production.

**Table 1.1 Selected data from the oil and car industries, 2014 to 2020**

	2014	2015	2016	2017	2018	2019	2020
Average real global price of oil (US\$ per barrel)	93.2	48.5	43.3	50.8	65.2	57.0	39.7
Global sales of electric cars (millions)	N/A	0.6	0.8	1.3	2.1	2.2	2.3

However, the rise of electric car sales could slow within the next few years due to a worldwide shortage of the supply of lithium needed for car batteries. Demand for lithium could triple by 2025 to one million tonnes per year and then double again to two million tonnes per year by 2030. A typical lithium mine produces 30 000 tonnes per year which means the market needs approximately four new mines per year to meet demand. However, it usually takes about six years to discover, develop and put a lithium mine into production.

Rising global sales of electric cars are impacting on world oil producers. The boom years for the oil industry are over as economies start to deal with climate change. This will have significant implications for petrostates (countries whose economies are almost totally reliant on oil and gas).

Volatile oil prices, as illustrated in Table 1.1, have already left many petrostate governments struggling. The governments of most Middle Eastern oil producing countries cannot maintain a balanced budget at the 2020 average oil price of around US\$40. Years of unstable oil revenues have left these countries with significant levels of national debt.

Venezuela offers a cautionary tale. Serious mismanagement has caused its oil output in 2020 to drop to about 10% of its 2000 level. Gross domestic product (GDP) has fallen by more than 75% in the past 5 years and more than 5 million people have left the country.

The solution is diversification. Wealthy Middle East states, such as Oman and Saudi Arabia, are investing in renewable energy and international tourism. Attempts at change by less wealthy petrostates such as Venezuela are hampered by a lack of capital at home and because they are often unable to attract international investors. As a result, they tend to focus on short-term rather than long-term economic growth.

Ultimately, many petrostates are likely to need outside support to diversify their economies. In addition to financial aid, it is suggested that wealthy countries should also offer technical assistance such as retraining workers, help designing new tax systems and supporting the adoption of renewable energy.

- a) Using the data in Table 1.1, calculate the percentage change in the average real global price of oil between 2014 and 2020. **[3 marks]**
- b) Explain why the price of oil on the world market fell in 2020. **[5 marks]**
- c) Explain why the supply problem referred to may lead to increases in the price of electric cars in the future. **[5 marks]**
- d) Assess whether diversification is likely to be more successful in Venezuela or Saudi Arabia as they reduce their dependence on oil production. **[12 marks]**

## SECTION B

Choose any 3 questions

### Essay Questions

#### QUESTION 2

Discuss how a business may utilize comparative advantage theory in its international trade affairs.

**[25 marks]**

#### QUESTION 3

With reference to sources of international law, assess the extent to which businesses can be bound by it. [25 marks]

**QUESTION 4**

Evaluate whether moving towards the highest-level of economic integration benefits international businesses more than staying on the lower levels. [25 marks]

**QUESTION 5**

Discuss ways in which an international business can protect itself from risks such as foreign exchange exposures. [25 marks]

10 / 10 