

TUNKU ABDUL RAHMAN UNIVERSITY OF MANAGEMENT AND TECHNOLOGY

FACULTY OF ACCOUNTANCY, FINANCE AND BUSINESS

ACADEMIC YEAR 2025/2026

MAY EXAMINATION

BBDM2113 INTERNATIONAL BUSINESS ENVIRONMENT

MONDAY, 18 MAY 2026

TIME: 9.00 AM – 11.00 AM (2 HOURS)

BACHELOR IN INTERNATIONAL BUSINESS (HONOURS)

Instructions to Candidates:

This paper is divided into TWO (2) sections:

SECTION A: Answer **ONE (1)** compulsory case study question. (40 marks)

SECTION B: Answer **ALL** questions. (60 marks)

BBDM2113 INTERNATIONAL BUSINESS ENVIRONMENT**SECTION A (40 marks)**

Answer **ONE (1)** compulsory case study question.

Question 1**Iran at a Geopolitical Crossroads**

Iran occupies a pivotal position in global geopolitics due to its strategic location, energy resources, and political influence in the Middle East. Situated near the Strait of Hormuz, one of the world's most critical maritime chokepoints, Iran plays a key role in the global oil and gas supply chain. Approximately one-fifth of the world's traded petroleum passes through this narrow strait, making Iran's stability a matter of international concern.

In addition to its geographical importance, Iran possesses some of the largest proven oil and natural gas reserves globally. Since the 1979 Islamic Revolution, the country has been governed by an authoritarian theocratic system, which has shaped its domestic politics and foreign relations. Over the decades, Iran's relationship with the United States and its allies has been characterised by ideological hostility, sanctions, security tensions, and disputes over Iran's nuclear programme.

In early January 2026, Iran experienced mass nationwide protests lasting more than two weeks. Initially triggered by economic grievances, including inflation, unemployment, and declining living standards, the demonstrations rapidly evolved into a broader political uprising against the ruling regime. The protests spread across major cities and regions, indicating widespread dissatisfaction with governance and economic management.

The Iranian government responded by deploying security forces to suppress the demonstrations. According to estimates by international human rights organisations, approximately 2,000 protesters were killed, though the exact number remains uncertain due to internet shutdowns and restricted access to information. State-controlled media portrayed protesters as terrorists and accused foreign powers particularly the United States and Israel of orchestrating the unrest. The regime's response included intimidation tactics, such as warning families to keep children away from protests, while simultaneously broadcasting images of morgues filled with victims. These actions intensified international scrutiny and raised concerns about human rights violations.

At the same time as the internal crisis escalated, external pressure on Iran increased significantly. US President Donald Trump stated publicly that Iran appeared willing to negotiate with the United States, despite the absence of formal diplomatic relations since 1979. Trump also warned that continued violent repression of protesters could trigger US military intervention.

Iran's nuclear programme remains the central point of contention in its relations with the West. In September 2025, the United States and the E3 countries (Germany, France, and the UK) triggered the "snapback" mechanism, reinstating UN sanctions that had been lifted under the 2015 Joint Comprehensive Plan of Action (JCPOA). In January 2026, the US further escalated pressure by announcing a 25% tariff on countries trading with Iran, increasing Iran's economic isolation.

Analysts suggest that while military threats raise tensions, Trump's primary objective may be behavioural change rather than regime change. However, history indicates that external pressure often strengthens authoritarian regimes by allowing them to rally nationalist sentiment and justify harsher internal repression.

Iran's neighbours in the Persian Gulf are watching developments closely. Although countries such as Saudi Arabia and the United Arab Emirates are rivals of Iran, they prioritise regional stability and seek to avoid a military conflict that could disrupt energy supplies and provoke Iranian retaliation against US military bases in the region.

BBDM2113 INTERNATIONAL BUSINESS ENVIRONMENT**Question 1 (Continued)**

In recent years, Iran and Saudi Arabia have taken cautious steps toward diplomatic rapprochement, with China acting as a mediator. China has strong economic interests in Iran and continues to import Iranian oil despite US sanctions. As a result, Beijing strongly opposes renewed sanctions and tariffs, arguing that trade wars benefit no one.

Russia also plays a significant role. As a strategic partner of Iran, Moscow fears that a free or democratic Iran could undermine Russian influence in the Middle East. Consequently, Russia has criticised Western sanctions and remains invested in preserving the existing power structure in Tehran.

Iran now stands at a geopolitical crossroads, facing intense internal dissent alongside mounting international pressure. The regime must decide whether to continue repression, risking further isolation and instability, or pursue negotiations and reforms that could weaken its grip on power. Meanwhile, external actors—including the United States, Gulf states, China, and Russia must balance their strategic interests against the risks of escalation.

The outcome of this crisis will have far-reaching implications for regional security, global energy markets, and international diplomacy, making Iran's next steps critical not only for its own future but for the stability of the broader Middle East.

Source: Adapted from Von Hein, S (2026, Jan 13), *Iran at geopolitical crossroads as protests pressure regime*. Retrieved January 18, 2026, from <https://www.dw.com/en/iran-protests-islamic-republic-sanctions-united-states-trump-china-russia-geopolitics/a-75492953>

Required:

- (a) Identify the type of political system practiced in Iran. (5 marks)
 - (b) Based on the case above, examine the political risks faced by international firms operating in Iran. (20 marks)
 - (c) As a newly appointed International Business Manager, provide appropriate methods to manage political risk in Iran. (15 marks)
- [Total: 40 marks]

BBDM2113 INTERNATIONAL BUSINESS ENVIRONMENT**SECTION B (60 marks)**

Answer **ALL** questions.

Question 2

- (a) Using examples, examine the key critics of globalisation. (10 marks)
 - (b) Provide the key drivers for globalisation. Support with relevant examples. (10 marks)
- [Total: 20 marks]

Question 3

- (a) Analyse reasons for governments intervene in international trade. Provide relevant examples to support your answer. (10 marks)
 - (b) Examine the advantages of regional integration. Provide an example to illustrate each point. (10 marks)
- [Total: 20 marks]

Question 4

- (a) Illustrate **THREE (3)** guidelines that managers should follow to achieve cross-cultural success. (10 marks)
 - (b) Outline the benefits of Corporate Social Responsibility and Corporate Governance to international firms. (10 marks)
- [Total: 20 marks]