



UNIVERSITI KUALA LUMPUR
Malaysian Institute of Marine Engineering Technology

FINAL EXAMINATION
OCTOBER 2025 SEMESTER SESSION

SUBJECT CODE	: LOM10403
SUBJECT TITLE	: INTERNATIONAL BUSINESS
PROGRAMME NAME <small>(FOR MPU: PROGRAMME LEVEL)</small>	: MASTER OF MARITIME OPERATIONS AND MANAGEMENT
TIME / DURATION	: 9.00 PM - 12.00 PM (3 HOURS)
DATE	: 26 JANUARY 2026

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **TWO (2)** sections; Section A and Section B.
4. Answer **ALL** questions in Section A. For Section B, answer **THREE (3)** questions with at least **ONE (1)** question from question 4 or question 5.
5. Please write your answers on this answer booklet provided.
6. Answer **ALL** questions in English language **ONLY**.

THERE ARE 7 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Read the case study and answer ALL questions.

Please use the objective answer sheet provided.

QUESTION 1**CASE STUDY: THE INFLUENCE OF EXTERNAL ENVIRONMENT FORCES ON INTERNATIONAL MARITIME OPERATIONS.****Introduction**

International maritime transport is the backbone of global trade, carrying more than four-fifths of world merchandise by volume. As globalization intensifies and supply chains expand across national borders, maritime firms increasingly operate in diverse international environments. These environments are shaped by external forces that are largely beyond the control of individual firms but have a significant influence on operational performance, risk exposure, and strategic decision-making. Among the most important of these forces are the economic, political and legal, and socio-cultural environments in which international maritime businesses operate.

OceanGate Global Shipping Ltd is a multinational maritime logistics and port operations company headquartered in Europe. The company operates container vessels, bulk carriers, and integrated logistics services, and has investments in port terminals in Asia and Europe. In response to changing global trade patterns, increasing demand for maritime transport, and the strategic reconfiguration of supply chains, OceanGate plans to expand its operations into three new international markets. These markets represent different stages of economic development:

- a developed economy with advanced port infrastructure and a liberalized free-market system,
- a newly industrializing economy experiencing rapid economic growth and port modernization, and
- a less developed economy characterized by weak infrastructure, high government intervention, and political uncertainty.

OceanGate's management acknowledges that success in these markets will depend not only on fleet size and technical efficiency, but also on a deep understanding of the external environments of host countries. Differences in economic development, political stability, legal frameworks, and cultural practices may affect port efficiency, shipping costs, crewing

arrangements, investment decisions, and long-term sustainability. This case study examines how external environmental forces influence international maritime operations and how firms such as OceanGate can respond strategically.

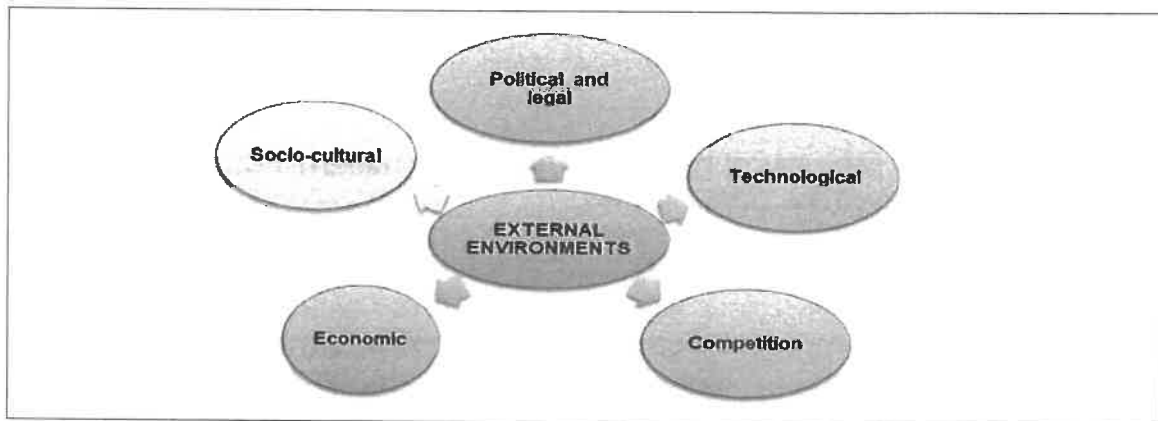


Figure 1. Economic External Environments

Economic Environment and Maritime Operations

The economic environment of a country plays a central role in determining the efficiency and competitiveness of maritime operations. Countries are commonly classified as developed, newly industrializing, or less developed based on indicators such as gross domestic product per capita, infrastructure quality, technological capability, and human capital (Hill, 2021). Developed economies typically possess modern port infrastructure, advanced cargo-handling equipment, efficient customs procedures, and reliable hinterland transport networks. These conditions reduce vessel turnaround time, minimize congestion, and lower logistics costs, thereby improving the overall performance of maritime operations.

Newly industrializing economies are often characterized by rapid growth in trade volumes and significant investment in port and logistics infrastructure. Governments in these countries frequently prioritize port development as part of broader economic growth strategies. However, transitional challenges such as regulatory inconsistencies, congestion, and shortages of skilled labor may still exist. For OceanGate, these markets offer strong growth potential but require flexible operational strategies and long-term engagement with local stakeholders.

In contrast, less developed economies often face serious infrastructure limitations, including inadequate port capacity, outdated equipment, weak hinterland connectivity, and limited technological adoption. These factors increase shipping costs, cause delays, and elevate operational risks. Maritime firms operating in such environments may also encounter limited

access to finance and underdeveloped logistics services, making large-scale investment decisions more complex and risky (Stopford, 2009).

Economic systems further shape maritime business activities. Free market economies allow market forces to determine pricing, competition, and investment decisions, offering greater operational flexibility. Centrally planned economies involve strong government control over ports, shipping routes, and pricing, which may restrict access and limit managerial autonomy. Mixed economies combine market mechanisms with government intervention, requiring maritime firms to balance commercial objectives with regulatory and national development priorities (Daniels, Radebaugh & Sullivan, 2019).

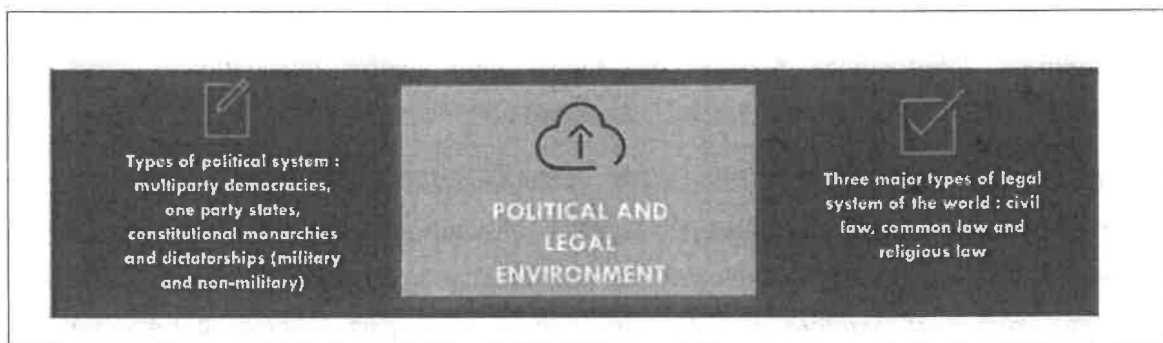


Figure 2. Political and Legal Environment

Political and Legal Environment in Maritime Business

The political and legal environment significantly influences the risk profile and stability of international maritime operations. Political systems range from multiparty democracies to authoritarian regimes, and the nature of governance affects policy consistency, regulatory transparency, and the treatment of foreign investors. Political stability is particularly important for maritime firms due to the capital-intensive nature of shipping and port infrastructure investments

Political risk may arise from changes in government, policy reversals, nationalization of assets, civil unrest, or armed conflict. Such risks can disrupt shipping routes, damage port infrastructure, increase insurance costs, and discourage foreign direct investment. For OceanGate, operating in politically unstable environments necessitates comprehensive risk assessments, contingency planning, and often higher expected returns to compensate for uncertainty (Hill, 2021).

Legal systems also vary significantly across countries and influence how maritime firms conduct business. The three major legal systems are civil law, common law, and religious law.

Civil law systems rely on codified statutes, providing clarity but limited flexibility. Common law systems emphasize judicial precedent, offering adaptability but requiring strong legal expertise. Religious law systems incorporate moral or religious principles into commercial regulation, which may influence contracts, liability, and dispute resolution. Understanding these legal differences is essential for contract enforcement, regulatory compliance, and effective risk management in international maritime operations.

Socio-Cultural Environment and Maritime Management

The socio-cultural environment encompasses the beliefs, values, customs, language, education, and social structures of a society. These factors strongly influence maritime operations, particularly in crewing, labor relations, safety culture, and stakeholder engagement. International maritime operations often involve multinational crews and interactions with diverse port authorities, customers, and communities.

Cultural differences in communication styles, attitudes toward authority, risk perception, and time management can affect shipboard operations and port efficiency. Language barriers and differing safety attitudes may increase the likelihood of operational errors and accidents. Maritime firms must therefore promote cross-cultural awareness, training, and standardized safety procedures to ensure effective operations (Stopford, 2009).

Additionally, labor practices, negotiation styles, and customer service expectations vary across cultures. Failure to respect local customs and social norms may result in labor disputes, strained relationships with port authorities, and reputational damage. Adapting operational and management practices to local socio-cultural environments is therefore essential for long-term success.

Conclusion

In conclusion, international maritime operations are profoundly influenced by external environmental forces. The economic environment determines infrastructure quality, logistics efficiency, and cost structures, while political and legal environments shape risk exposure, regulatory compliance, and investment security. Socio-cultural factors influence crewing, safety, communication, and stakeholder relationships. For OceanGate Global Shipping Ltd, successful international expansion requires a comprehensive analysis of these external environments and the ability to adapt strategies accordingly. By integrating international business environment analysis into strategic decision-making, maritime firms can mitigate risks, enhance operational performance, and achieve sustainable competitive advantage in the global shipping industry.

integrating IoT into a blockchain network, Hyperledger Sawtooth module called Supply Chain may be used. This module helps track refrigerated containers (known as "reefers") through the supply chain and collect telemetry data such as temperature and humidity. The main reefer trade routes are from Southern hemisphere (South America, South Africa, Australia, New Zealand) to Northern hemisphere countries and this trade is growing at the rate of 5- 6% annually (Paris, 2018). Refrigerated containers can keep food fresh for about a month and are often used to ship fruit, seafood, and other perishable goods. Such telemetry data could be of great value in transportation, warehousing, pricing, and product sourcing decisions.

- (a) Based on the statement, analyze how differences in levels of economic development influence maritime operations, with reference to port infrastructure, logistics efficiency, and shipping costs. (10 marks)
- (b) Examine the different economic systems affect strategic decision-making in international maritime business, particularly in pricing, port access, and investment decisions. (10 marks)

QUESTION 2

- (a) Refer to the statement on question political and environment, Discuss the impact of political systems and political risk on international maritime operations. (10 marks)
- (b) Evaluate the importance of understanding different legal systems for maritime companies operating internationally. (10 marks)

SECTION B (Total: 60 marks)**INSTRUCTION: Answer any THREE (3) questions.****Please use the answer booklet provided.****QUESTION 1**

- (a) Evaluate how fixed and variable cost structures in maritime operations influence sources of capital and risk exposure when preparing a business plan for a new shipping or port-service venture operating under volatile global trade conditions. (10 marks)
- (b) Analyze how capacity constraints and service reliability requirements in maritime operations affect financing decisions and risk management strategies in the business plan of a start-up maritime venture. (10 marks)

QUESTION 2

- (a) Evaluate the strategic implications of managing a culturally diverse workforce on multinational shipping operations. (10 marks)
- (b) Justify the strategic advantages of implementing e-commerce platforms in maritime operations, considering customer service, efficiency, and data-driven decision-making. (10 marks)

QUESTION 3

- (a) Critically analyze the key factors a shipping company must consider when expanding into international markets, including legal regulations, port infrastructure, local business culture, and risk mitigation strategies. (10 marks)
- (b) Evaluate how ethical considerations and anti-corruption practices influence the design of adaptive shipping strategies that respond to changing international trade patterns, while ensuring resilience against port capacity constraints. (10 marks)

QUESTION 4

- (a) Assess the strategic advantages and operational challenges of implementing e-commerce platforms in multinational shipping operations, focusing on customer service, efficiency, and global supply chain integration.

(10 marks)

- (b) Analyze the entrepreneurial approaches a maritime start-up can implement to establish and grow in international shipping markets, with emphasis on capital acquisition, innovative solutions, and market positioning strategies.

(10 marks)

END OF EXAMINATION PAPER

