

UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II - Semester VII) Examination 2016

INB 2210 – Foreign Direct Investments and Multinational Companies

Two (02) Hours

Answer any Four (04) Questions.

1.
 - i. Identify four (04) organizational types of Multinational Enterprises (MNEs).
(06 Marks)
 - ii. Briefly describe the concept of Liability of Foreignness (LOF) and how it impacts on a MNE.
(10 Marks)
 - iii. Identify and briefly describe three (03) strategies that can be used to overcome LOF by a MNE.
(09 Marks)

(Total 25 marks)

2.
 - i. Identify four (04) benefits a host country can gain through Foreign Direct Investment (FDI) inflows.
(06 Marks)
 - ii. Using Dunning's framework for OLI advantages, describe the alternative entry modes available for a MNE willing to enter a new country.
(09 Marks)
 - iii. Using the integration/responsiveness grid, differentiate between the global strategy and transnational strategy of a MNE.
(10 Marks)

(Total 25 marks)

3. i. State three (03) types of analysis available to measure the performance of Foreign Direct Investments (FDIs).
(06 Marks)

ii. Identify the four (04) broad categories considered in the Economic Freedom Score and briefly describe the importance of economic freedom to the inflow of FDI into a country.
(09 Marks)

iii. Based on the findings of the World Investment Report for 2015 published by UNCTAD, describe the potential of 'developing Asia'.
(10 Marks)

(Total 25 marks)

4. i. What are the four (04) opportunities that can attract FDIs into a country similar to Sri Lanka?
(06 Marks)

ii. Using Country Attractiveness-Company Strength Matrix, briefly explain various strategies that can be adopted by a MNE.
(07 Marks)

iii. Explain the relevance of Tax, as a determinant of FDI, in resource seeking, market seeking and, efficiency seeking investments.
(12 Marks)

(Total 25 marks)

5. i. Using a real world example of your choice, explain the benefits and challenges of a global strategic alliance.
(10 Marks)

ii. Briefly describe any three (03) of the following.
a. Cooperative Joint Venture (CJV)
b. OECD's Base Erosion and Profit Shifting (BEPS) Project
c. Offshore Financial Centre (OFC)
d. Special Purpose Entities (SPEs)
(05 Marks X 3)

(Total 25 marks)