

MAKERERE UNIVERSITY BUSINESS SCHOOL

Faculty of Graduate Studies and Research
Master of International Business (MIB) Programme

GLOBALIZATION OF BUSINESS (MIB 7101)

MEMO

To: MIB 7107 STUDENTS, Academic Year 2026/2027
From: Assoc. Prof. Aaron ECEL.
Date: September 16, 2026
Subject: **COURSE WORK ONE RESULTS.**

RESULTS

		Section A	Section B	Total		
	Registration Number	(X/12)	(X/10)	(X/22)	(X/100)	
1.	AGOE Faith Hellen	-	12	7	19	86.4
2.	BUSINGE Gabriel	-	12	5	17	77.3
3.	KAKAIRE Tampa Tom	-	12	7	19	86.4
4.	KANSIIME Deborah	-	11	4	15	68.2
5.	KARUNGI Cynthia	-	11	5	16	72.7
6.	KAZIBWE Nathan	-	11	4	15	68.2
7.	KUKUNDA Precious	-	12	5	17	77.3
8.	MUBANGIZI Maria	-	12	5	17	77.3
9.	MUGANGA Ismail Jjemba	-	11	5	16	72.7
10.	MULAMBUZI Mathew	-	10	6	16	72.7
11.	NABADDA Hibah	-	12	5	17	77.3
12.	TURYASINGURA Joan	-	10	6	16	72.7

GUIDE

SECTION A (12 Marks)

Q	Answer
1	A
2	C
3	B
4	A
5	B
6	B

Q	Answer
7	A
8	B
9	A
10	B
11	A
12	B

SECTION B

Core Theoretical Premise

- Pankaj Ghemawat's CAGE framework posits that cross-border trade costs are driven by four distinct dimensions: Cultural, Administrative, Geographic, and Economic distance. Standard economic models often overemphasize physical geography or national GDP. However, empirical findings show that institutional, linguistic, and cultural barriers often exert a significantly higher dampening effect on trade volume than physical distance alone.
- Crucially, these dimensions do not affect all products uniformly; industry characteristics determine susceptibility to specific distance attributes.

Key Dimensions of the CAGE Framework

- Cultural Distance*: Differences in language, religion, social norms, and ethnic networks. It primarily impacts consumer choices, product preferences, and identity-driven goods.
- Administrative / Political Distance*: Differences in legal systems, political hostility, currency unions, and government trade policies. It affects industries subject to state intervention, regulatory oversight, or national protectionism.
- Geographic Distance*: Physical remoteness, lack of shared borders, topography, and transportation or communication infrastructure. It affects products with physical transport constraints or high coordination requirements.
- Economic Distance*: Disparities in per capita income, labor costs, financial resources, and infrastructure quality. It dictates whether a firm can replicate standard business models or must execute cross-border arbitrage

Comparative Analysis: High-Sensitivity vs. Low-Sensitivity Industries

The contrast between industries hinges on whether value creation relies on local consumer preferences and state protection or standardized physical/industrial inputs.

Dimension	High Sensitivity	Low Sensitivity
a) Cultural Impact	Severe: Content relies heavily on language, local humor, social norms, and cultural nuances. Viewers generally prefer home-grown programming over foreign substitutes.	Negligible: Concrete is a standardized functional commodity. Consumer identity, language, and cultural values do not influence structural requirements.
b) Administrative Impact	Severe: Media influences public opinion and national identity. Governments frequently restrict foreign ownership, impose quotas, or censor foreign broadcasts on national security grounds.	Moderate: Subject to environmental regulations and infrastructure permits, but rarely viewed as a tool of political ideology or national security

c) Geographic Impact	Low: Digital distribution via satellite, cable, or internet bypasses physical borders and transport costs.	Severe: Extremely low value-to-weight ratio. High land/sea freight costs make long-distance transport economically unviable, limiting trade to local geographic radii.
d) Economic Impact	Moderate: Purchasing power dictates advertising revenues and subscription pricing models.	Moderate to High: Tied to national infrastructure spending, construction cycles, and localized factor costs (e.g., energy for kilns).

Analytical Synthesis: Why Identical Differences Impact Sectors Unevenly

- a. *Consumer Identity vs. Functional Utility*: Products that touch consumer identity, language, or daily routines (e.g., news media, food staples) amplify cultural distance. Standardized industrial goods that fulfill objective mechanical functions (e.g., cement, steel, machinery) neutralize cultural preferences.
- b. *State Interest vs. Market Autonomy*: Media and staple goods are viewed by host governments as strategic assets or public entitlements, making them targets for administrative intervention. Industrial commodities operate with less political sensitivity unless tied to national defense.
- c. *Physical Bulk vs. Digital Transferability*: Geographic distance severely penalizes physical commodities with low value-to-weight ratios due to freight economics, whereas digitized or service-based offerings incur negligible physical transport costs across miles