

**MNI301J**

(498301)

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GLOBAL BUSINESS ENVIRONMENT (BUSINESS MANAGEMENT 301)

Duration 2 Hours

70 Marks

EXAMINERS :

FIRST

SECOND

EXTERNAL

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Use of a non-programmable pocket calculator is permissible.

This paper consists of 9 pages plus instructions for the completion of a mark reading sheet

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- ☞ This examination paper comprises four sections, SECTIONS A, B, C & D. Section A is **compulsory**. Select **any two** questions from sections B, C or D
- ☞ Section A comprises 20 multiple choice questions worth 20 marks.
- ☞ Section B comprises 3 (written) brief discussion type questions worth 25 marks.
- ☞ Section C comprises 2 brief (written) discussion type questions worth 25 marks.
- ☞ Section D comprises 3 brief (written) discussion type questions worth 25 marks.
- ☞ **PLEASE NOTE: Section A must be answered on the mark reading sheet and placed in your written examination script.**

[TURN OVER]

SECTION A MULTIPLE CHOICE QUESTIONS (20 MARKS)**Question 1**

Which of the following best describes global business?

- 1 An entrepreneurial activity that cuts across international boundaries
- 2 An entrepreneurial activity that cuts across international diplomats
- 3 An entrepreneurial activity that segregates international products
- 4 An entrepreneurial activity that inhibits international transactions

Question 2

In order to achieve economic growth, a country that is confronted by a balance of payments deficit can adopt one of the following measures:

- 1 Encourage inflow of foreign capital
- 2 Discourage exports
- 3 Discourage foreign direct investment
- 4 Encourage inflow of foreign manufactures

Question 3

Which one of the following alternatives is not correct?

- 1 Buyers and sellers involved in international trade are at times also subject to international law, the body of rules which regulates relationships between countries and other international legal persons
- 2 International law is created by an 'International Parliament', which also oversees enforcement of these laws.
- 3 The common law system in a country is generally based on precedents or past practices within the legal experiences of the country concerned
- 4 A country's legal system is partly derived from its political system and political climate

Question 4

Which one of the following alternatives is not correct?

- 1 Cross-cultural literacy in international business can be enhanced by developing cosmopolitan executives on the basis of a geocentric approach to management development and staffing
- 2 Research has shown that a strong entrepreneurial orientation in a society is encouraged by a culture that is low on power distance, weak in uncertainty avoidance, masculine in nature and individualistic
- 3 According to the cultural parameters of Trompenaars, particularist cultures generally focus more on rules and procedures than on relationships, whereas the opposite is true of universalist cultures
- 4 General levels of education in a foreign country are of particular importance for multinational enterprises that adhere to a polycentric or geocentric approach to staffing

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Question 5

Which one of the following alternatives is not correct?

- 1 Developing countries enjoy relative political stability and tend towards market-based economies
- 2 Developed countries have rapidly developing financial sectors and relatively efficient technological systems
- 3 Less-developed countries have a strong emphasis on agricultural and mining activities
- 4 Developing countries are increasingly involved in international business, with international trade less dependent on agricultural and resource-related exports

Question 6

Which one of the following alternatives is not correct?

- 1 Technology transfer has generally become an inexpensive, relatively simple process in recent years
- 2 While multinational enterprises have contributed to the growth in world trade and investment in recent years, they have also caused economic and social problems for the host countries in some instances
- 3 The trade cycle theory compares world trade and investment with stages in the life cycle of a product
- 4 The regional economies of southern Africa generally do not lack the natural resources that are required to become globally competitive

Question 7

The following are all regarded as environmental risks except:

- 1 unexpected government imposed discriminatory taxation
- 2 managerial inability to cope with host country labour disputes
- 3 the imposition of import and export controls
- 4 unfair competition from local (host country) public sector enterprises

Question 8

Which one of the following statements about culture is true:

- 1 Culture is transgenerational when transmitted from one member of society to another and it is intergenerational when transmitted from one generation to another
- 2 The various cultural components or elements are not interrelated, a change in one element will not bring about change in another
- 3 Culture in societies affects almost everything people do, see, feel and achieve
- 4 People as members of a nation, society, group or organization do not share a culture

[TURN OVER]

Question 9

Free trade Agreements are engines of growth and progress because they

- 1 promote efficiency and competition outside the free trade area
- 2 accommodate specialization and division of labour
- 3 expand the size of the import market
- 4 exploit company comparative advantages

Question 10

The existence of the SADC organisation has played an important role in helping to develop southern Africa as an emerging regional market. All of the following factors have contributed to this emerging market except

- 1 transformation to market-based economies
- 2 resource endowment.
- 3 development of capital and money markets
- 4 political stability, peace and security in all 14 of the SADC member countries

Question 11

The World Trade Organisation (WTO) is the only international organisation dealing with the rules of trade between nations. We can say that the WTO ...

- 1 became the successor international organisation to GATT
- 2 amended and incorporated the GATT agreement
- 3 deals only with the trade in goods
- 4 is unable to give technical assistance and training to developing countries

Question 12

The records a country's international transactions.

- 1 surplus of payments
- 2 balance of payments
- 3 current account deficit
- 4 balance of pre-payments

[TURN OVER]

Question 13

Which one of the following alternatives is not correct?

The transition of countries to a market economy implies the following

- 1 Liberalisation of economic activity, prices, market operations and allocation of resources to their most efficient use
- 2 Not imposing hard budget constraints, which allows for a smoother transition.
- 3 Achieving effective enterprise management and economic efficiency
- 4 Developing indirect, market-oriented instruments for macro-economic stabilisation

QUESTION 14

A global mindset of an organisation is the ability of a company to

- 1 be open to new experiences and to remain the same over time
- 2 be willing to learn new skills and competencies in order to ensure a competitive local presence
- 3 operate on the premises that cultures can be the same without being better or worse than one another
- 4 accept diversity and heterogeneity as natural and as a source of opportunities and strengths rather than a necessary evil

Question 15

enterprises primarily strive towards the attainment of low costs rather than local responsiveness in the foreign markets in which they operate.

- 1 International
- 2 Global
- 3 Multidomestic
- 4 Transnational

Question 16

Which one is NOT a factor to be considered when planning to form relationships or alliances with any business partner

- 1 the active participation of junior management in each relationship
- 2 total openness about the corporation's different relationships
- 3 carefully chosen partners
- 4 construction of alliances so that the roles and rights of each partner are clearly defined at the end

[TURN OVER]

Question 17

Factual information that has a direct bearing on the decision that an international manager needs to make will generally be considered more appropriate in a

- 1 low-content culture
- 2 high-content culture
- 3 low-context culture
- 4 high-context culture

Question 18

Contemporary democratic political systems share all of the following except:

- 1 freedom of opinion, expression, press, and freedom to organize
- 2 elections in which voters decide who is to represent them
- 3 unlimited terms for elected officials
- 4 an independent, fair court system with high regard for individual rights and property

Question 19

Which one of the following is NOT an example of non-tariff barriers?

- 1 a quota
- 2 foreign currencies and exchange rates
- 3 differing tax rates and tax systems
- 4 ad volorem tariffs

Question 20

The following principles have been identified as criteria for success with regard to regional trading blocs except?

- 1 A trading bloc need not be situated in a certain geographical area
- 2 An entrepreneurial culture is important
- 3 Geographical mobility based on a good transport network including air, road, and sea links facilitates and supports trade between member countries
- 4 There should be internal free trade within the regional trading bloc and tariff and/or non-tariff barriers against third countries to protect internal commercial activities

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SECTION B**SHORT QUESTIONS****(25 MARKS)**

"Firms that expand globally can increase their profitability and profit growth by entering new markets where indigenous competitors lack similar competencies by lowering cost and adding value to their product offerings "

Given this criterion you are expected to

Assessment Criteria

- B1 Define "globalisation" and elaborate on the drivers of globalisation (8)
- B2 Discuss the relationship between globalisation and the following international trade theories:
- The theory of comparative advantage (3)
 - The HECKSCHER – OHLIN theory (4)
 - Product life-cycle theory (4)
- B3 Differentiate between "a localization strategy" and an "international strategy", being strategies that MNE's can pursue as they seek to cope with pressures for local responsiveness in the global business environment (6)

[25]**[TURN OVER]**

SECTION C**SHORT QUESTIONS****(25 MARKS)**

In the context of 'culture' in international business (global business) it is important to take cognisance of the determinants of culture and the importance of religion in international business

Given this observation, you are required to

Assessment Criteria

- C1 Briefly compare the business implications of Christianity and Hinduism. Why is this knowledge important for international management? Explain with the aid of practical examples (15)
- C2 Comment on Hofstede's 'cultural' dimensions, reflecting on how culture relates to values in the workplace (10)

[25]**[TURN OVER]**

SECTION D**SHORT QUESTIONS****(25 MARKS)**

Deciding on the most appropriate "Strategic alliance" for value creation by expanding activities internationally requires the following considerations, which are not always relevant to purely domestic business firms:

- Deciding on the type of foreign market "entry mode" through which to forge an appropriate strategic alliance,
- Evaluating the importance of strategic alliances for South Africa

In the light of these constraints you are required to

Assessment Criteria

- | | |
|---|-------------|
| D 1 Tabulate the advantages and disadvantages of the various "entry modes" [List the entry modes and their corresponding advantages and disadvantages as you present your answer] | (12) |
| D 2 Present and discuss the factors to consider when forming strategic alliances | (5) |
| D 3 Cite and discuss the motivations for entering into strategic alliances | (8) |
| | [25] |