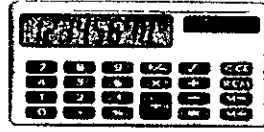


UNIVERSITY EXAMINATIONS



UNIVERSITEITSEKSAMENS

UNISA 
UNIVERSITY
OF SOUTH AFRICA

MNI3701

(492921)

May/June 2015

GLOBAL BUSINESS ENVIRONMENT

Duration 2 Hours

70 Marks

EXAMINERS
FIRST
SECOND
EXTERNAL

MISS B NAGEL
PROF PN PALMER
PROF OO FATOKI

Use of a non-programmable pocket calculator is permissible

Closed book examination

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This paper consists of 13 pages including the cover page

INSTRUCTIONS

SECTION A

This section consists of **20 multiple-choice questions**, worth 1 mark each

The total for this section is **20 MARKS**

Answer section A on the **mark-reading sheet**

SECTION B

This section consists of **3 questions**, worth 25 marks each. You are required to answer **ANY 2 of the 3 questions in the examination booklet**

The total for this section is **50 MARKS**

Please ensure that you supply the following information on the **mark-reading sheet**

Your student number

The module code **MNI3701**

The unique number of this paper **492921**

SECTION A:

This section consists of **20 multiple-choice questions**, worth 1 mark each

Answer section A on the **mark-reading sheet**

Total for this section is **20 MARKS**

Question 1

The rise of fanatical, extremist groups of Muslims, such as the Islamic State jihadist movement, differs from traditional Islam inasmuch as, traditional Islam embraces the following, EXCEPT

- 1 A monotheistic faith
- 2 The creation of wealth, in the context of a caliphate state
- 3 The preservation of political and religious traditions
- 4 The prohibition of the payment and receipt of interest

Question 2

China's declared intention to limit Hong Kong's democratic choice of its next President, has elicited unprecedented opposition. This underscores the following aspects of democracy, EXCEPT

- 1 It's influence on the values, norms and beliefs of society
- 2 The extent to which it can erode freedom, justice and individual convictions
- 3 The manner in which it upholds a country's political ideology
- 4 It's emphasis on collective goals as opposed to the pursuance of individual goals

[TURN OVER]

Question 3

The economic philosophy of a country reflects

- 1 "Individualism" as a force to contend with
- 2 The structure of gender-based groups, reflective of country-specific differences
- 3 The relationship between a country's political ideology and economic system
- 4 The collective leadership style of its executives and the global image they project

Question 4

A market economy is conducive to

- 1 Sustaining the limitations of family businesses
- 2 Streamlining businesses, payrolls and factories, making MNE's leaner
- 3 The rationalisation of the products that MNE's produce, for ideological and nationalistic reasons
- 4 Maintaining existing technology, thereby enhancing business competitiveness

[TURN OVER]

Question 5

Which of the following aspects of culture are NOT conducive to investing in a country?

- 1 The preservation of its demography, cultural values, norms and beliefs, in the interest of preserving its national identity
- 2 The creation of subcultures that are dissimilar from subcultures in other countries
- 3 The interpretation and application of laws governing business operations, in the country
- 4 The promotion of shared cultural attributes across ethnic and social groups in the country

Question 6

The South African Government's perceived lack of commitment to the implementation of the country's National Development Plan, reflects a lack of

- 1 Cultural leadership
- 2 Transactional leadership
- 3 Transformational leadership
- 4 Competitive leadership

[TURN OVER]

Question 7

The creation of an “entrepreneurial culture” within a specific industry, could best be served by

- 1 The application of Hall’s low-context approach to decision-making and communication
- 2 The imposition of Ronan and Shenkar’s approach to managing cross-cultural differences
- 3 The application of Hofstede’s “individualism / collectivism” dimension to this initiative
- 4 The prevalence of “neutral relationship” cultures, in the industry

Question 8

For international managers, the following constitute environmental risks, EXCEPT

- 1 The impending nationalisation of industries, in a host country
- 2 Ongoing disputes over trade issues
- 3 The challenge of managing the thinking, attitudes and behaviour of employees
- 4 The challenge of monitoring demographic shifts, urbanisation and minority interest groups

[TURN OVER]

Question 9

The gold standard and the confidence it elicited over many years, was ultimately abandoned due to

- 1 The reinstatement of a system of fixed exchange rates
- 2 Being undermined by institutions in the international, financial markets
- 3 The advent of the oil crisis in 1973
- 4 The establishment of the International Monetary Fund (IMF) and the World Bank

Question 10

The function of the foreign exchange markets is to

- 1 Guard against the competitive devaluation of currencies
- 2 Ensure the imposition of monetary discipline, thereby curtailing price inflation
- 3 Provide the physical and institutional structure for foreign exchange transactions
- 4 Facilitate the rectification of balance-of-payments deficits

Question 11

Which of the following factors have served as a deterrent to FDI (Foreign Direct Investment)?

- 1 The global economic crisis of 2008
- 2 Liberalized private ownership of assets
- 3 The collapse of export markets
- 4 Increased regional integration

[TURN OVER]

Question 12

Some advantages of collaborative arrangements, whether a company is operating domestically or internationally are to

- 1 Lower production costs abroad
- 2 Reinforce protectionist barriers
- 3 Increase domestic manufacturing capacity in the home country
- 4 Modify product design and development

Question 13

The difference between a portfolio investment and foreign direct investment is that

- 1 Portfolio investments are more conducive to international acquisitions
- 2 A portfolio investment epitomises a non-controlling interest, whereas foreign direct investment involves a controlling interest, in a foreign company
- 3 Portfolio investments require licensing agreements for their implementation, contrary to FDI's which do not
- 4 FDI involves the diffusion of ownership in a foreign investment, thereby enhancing the managerial decision-making process portfolio investments do not

[TURN OVER]

Question 14

Africa's inability to benefit from technology spill-overs, flowing from FDI's into the continent, is due to Africa's

- 1 Dearth of greenfield investments
- 2 Poor economic growth prospects
- 3 Protection of minority owners in development projects
- 4 Aversion to risk-taking

Question 15

Trade barriers are erected in order to

- 1 Encourage Government intervention in the local economy
- 2 Diffuse China's pervasive trade influence around the world
- 3 Act as a deterrent to trade liberalisation
- 4 Enhance a country's national competitive advantage

Question 16

Antidumping policies are used to

- 1 Regulate local content requirements for domestic manufacturing purposes
- 2 Accommodate requests from importing countries to restrict exports to such countries
- 3 Redress unfair trade practices, thereby protecting domestic producers
- 4 Protect and promote human rights in other countries

[TURN OVER]

Question 17

Global manufacturing location decisions are pivotal to achieving international, competitive advantage in the automotive industry. Which of the following factors would not, necessarily, feature in such a benchmarking exercise?

- 1 The host government's regulations and practices
- 2 Proximity to investor-state dispute settlement facilities
- 3 Infrastructure availability
- 4 Skill base and investment costs peculiar to the country concerned

Question 18

The primary goal of multinational financial management is

- 1 To track the development of emerging stock markets
- 2 To negotiate the acquisition of equity securities
- 3 To ensure that all cash received by the MNE is pooled centrally so as to facilitate the depositing of large amounts
- 4 Shareholder wealth maximisation

[TURN OVER]

Question 19

A "fronting loan" is, primarily

- 1 The remuneration paid to the owners of technology, patents or trade names
- 2 Used to position funds within an international business
- 3 A loan between a parent company and its subsidiary, channelled through a financial intermediary
- 4 Used to stabilise MNEs' transaction costs, that arise when many transactions occur between its subsidiaries

Question 20

Foreign exchange "translation exposure" refers to

- 1 The release of information that can influence currency values
- 2 The linking of inflation and interest rates, via exchange rates
- 3 The effects of translating business activities of foreign subsidiaries into the home currency of the parent company
- 4 Trending historical exchange rates, relative to spot and future trends in exchange rates

[TURN OVER]

SECTION B

- The total mark allocation for this section is **50 MARKS**.
- Answer **ANY TWO** of the following three questions in your examination answer book
- Begin each question (such as B1, B2 or B3) on a fresh page of the answer sheet
- *Indicate* the numbers of the questions that you intend to answer clearly and correctly in your examination answer book before attempting the question
- Also indicate the number of questions that you answer on the **COVER** page of the examination answer booklet

Question B1

B1 1 Briefly discuss Porter's theory of national competitive advantage (Porter's Diamond), and explain the implications and benefits of his theory, with respect to an international firm deciding where to locate the firm's productive facilities (10 marks)

B1 2 Briefly describe the following features of international business

The application of "dumping" and "anti-dumping" policies (6 marks)

The introduction of "Free trade" areas (3 marks)

The original idea of the formation of the "Euro-zone" (6 marks)

[25 marks]

[TURN OVER]

Question B2

Deciding on the most appropriate “strategic alliance” for value creation, with a view to expanding internationally, requires at least the following distinct decisions not relevant to purely domestic firms

- Deciding on whether the use of “strategic alliances” is the best option
- Deciding on other foreign market entry modes/strategies, for this purpose

Delphi, a South African manufacturer of technologically advanced computer key boards wants to enter the Central European market, where the market potential, for this product, has already been established, through market research

You are required to

B2 1 Briefly discuss the merits or otherwise, of Delphi resorting to the use of “strategic alliances” to achieve their goals

(6 marks)

B2 2 Discuss the other foreign market entry modes/strategies and evaluate their potential implications for Delphi

(12 marks)

B2 3 Comment on the guidelines for using “strategic alliances”

(7 marks)

[25 marks]

[TURN OVER]

Question B3

“South Africa desperately needs foreign direct investment (FDI) With an increasing number of domestic companies threatening to leave the country, in order to take up opportunities in faster growing countries the need for appropriate FDI incentives is pivotal in an attempt to reverse this trend ” Given these observations, *you are required to*

B3 1 Enumerate the Government incentives for attracting FDI
(7 marks)

B3 2 Critically evaluate the advantages/disadvantages pertaining to the different types of tax-related incentives
(12 marks)

B3 3 Clearly differentiate between horizontal and vertical FDI
(6 marks)

[25 marks]

[TOTAL MARKS FOR SECTION B. 50]

PART 1 (GENERAL/ALGEMEEN) DEEL 1

STUDY UNIT e.g. PSY100-X
STUDIE EENHEID by PSY100-X

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PAPER NUMBER
VRAESTELNOMMER

STUDENT NUMBER
STUDENTENOMMER

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(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
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INITIALS AND SURNAME
VOORLETTERS EN VAN

DATE OF EXAMINATION
DATUM VAN EKSAMEN

EXAMINATION CENTRE (E.G. PRETORIA)
EKSAMENSENTRUM (BY PRETORIA)

UNIQUE PAPER NO.
UNIEKE VRAESTEL NR

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(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)

For use by examination invigilator
Vir gebruik deur eksamenopsiener

IMPORTANT

1. USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
2. MARK LIKE THIS ➡
3. CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
4. ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
5. CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
6. CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
7. CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
8. DO NOT FOLD

BELANGRIK

1. GEBUIK SLEGS N HB POTLOOD OM HIERDIE BLAD TE VOLTOOI
2. MERK AS VOLG ➡
3. KONTROLEER DAT U VOORLETTERS EN VAN REG INGEVUL IS
4. VUL U STUDENTENOMMER VAN LINKS NA REGS IN
5. KONTROLEER DAT U DIE KORREKTE STUDENTENOMMER VERSTREK MET
6. KONTROLEER DAT DIE UNIEKE NUMMER REG INGEVUL IS
7. MAAK SEKER DAT NET EEN ALTERNATIEF PER VRAAG GEMERK IS
8. MOENIE VOU NIE

PART 2 (ANSWERS/ANTWOORDE) DEEL 2

1	(1)	(2)	(3)	(4)	(5)	36	(1)	(2)	(3)	(4)	(5)	71	(1)	(2)	(3)	(4)	(5)	106	(1)	(2)	(3)	(4)	(5)
2	(1)	(2)	(3)	(4)	(5)	37	(1)	(2)	(3)	(4)	(5)	72	(1)	(2)	(3)	(4)	(5)	107	(1)	(2)	(3)	(4)	(5)
3	(1)	(2)	(3)	(4)	(5)	38	(1)	(2)	(3)	(4)	(5)	73	(1)	(2)	(3)	(4)	(5)	108	(1)	(2)	(3)	(4)	(5)
4	(1)	(2)	(3)	(4)	(5)	39	(1)	(2)	(3)	(4)	(5)	74	(1)	(2)	(3)	(4)	(5)	109	(1)	(2)	(3)	(4)	(5)
5	(1)	(2)	(3)	(4)	(5)	40	(1)	(2)	(3)	(4)	(5)	75	(1)	(2)	(3)	(4)	(5)	110	(1)	(2)	(3)	(4)	(5)
6	(1)	(2)	(3)	(4)	(5)	41	(1)	(2)	(3)	(4)	(5)	76	(1)	(2)	(3)	(4)	(5)	111	(1)	(2)	(3)	(4)	(5)
7	(1)	(2)	(3)	(4)	(5)	42	(1)	(2)	(3)	(4)	(5)	77	(1)	(2)	(3)	(4)	(5)	112	(1)	(2)	(3)	(4)	(5)
8	(1)	(2)	(3)	(4)	(5)	43	(1)	(2)	(3)	(4)	(5)	78	(1)	(2)	(3)	(4)	(5)	113	(1)	(2)	(3)	(4)	(5)
9	(1)	(2)	(3)	(4)	(5)	44	(1)	(2)	(3)	(4)	(5)	79	(1)	(2)	(3)	(4)	(5)	114	(1)	(2)	(3)	(4)	(5)
10	(1)	(2)	(3)	(4)	(5)	45	(1)	(2)	(3)	(4)	(5)	80	(1)	(2)	(3)	(4)	(5)	115	(1)	(2)	(3)	(4)	(5)
11	(1)	(2)	(3)	(4)	(5)	46	(1)	(2)	(3)	(4)	(5)	81	(1)	(2)	(3)	(4)	(5)	116	(1)	(2)	(3)	(4)	(5)
12	(1)	(2)	(3)	(4)	(5)	47	(1)	(2)	(3)	(4)	(5)	82	(1)	(2)	(3)	(4)	(5)	117	(1)	(2)	(3)	(4)	(5)
13	(1)	(2)	(3)	(4)	(5)	48	(1)	(2)	(3)	(4)	(5)	83	(1)	(2)	(3)	(4)	(5)	118	(1)	(2)	(3)	(4)	(5)
14	(1)	(2)	(3)	(4)	(5)	49	(1)	(2)	(3)	(4)	(5)	84	(1)	(2)	(3)	(4)	(5)	119	(1)	(2)	(3)	(4)	(5)
15	(1)	(2)	(3)	(4)	(5)	50	(1)	(2)	(3)	(4)	(5)	85	(1)	(2)	(3)	(4)	(5)	120	(1)	(2)	(3)	(4)	(5)
16	(1)	(2)	(3)	(4)	(5)	51	(1)	(2)	(3)	(4)	(5)	86	(1)	(2)	(3)	(4)	(5)	121	(1)	(2)	(3)	(4)	(5)
17	(1)	(2)	(3)	(4)	(5)	52	(1)	(2)	(3)	(4)	(5)	87	(1)	(2)	(3)	(4)	(5)	122	(1)	(2)	(3)	(4)	(5)
18	(1)	(2)	(3)	(4)	(5)	53	(1)	(2)	(3)	(4)	(5)	88	(1)	(2)	(3)	(4)	(5)	123	(1)	(2)	(3)	(4)	(5)
19	(1)	(2)	(3)	(4)	(5)	54	(1)	(2)	(3)	(4)	(5)	89	(1)	(2)	(3)	(4)	(5)	124	(1)	(2)	(3)	(4)	(5)
20	(1)	(2)	(3)	(4)	(5)	55	(1)	(2)	(3)	(4)	(5)	90	(1)	(2)	(3)	(4)	(5)	125	(1)	(2)	(3)	(4)	(5)
21	(1)	(2)	(3)	(4)	(5)	56	(1)	(2)	(3)	(4)	(5)	91	(1)	(2)	(3)	(4)	(5)	126	(1)	(2)	(3)	(4)	(5)
22	(1)	(2)	(3)	(4)	(5)	57	(1)	(2)	(3)	(4)	(5)	92	(1)	(2)	(3)	(4)	(5)	127	(1)	(2)	(3)	(4)	(5)
23	(1)	(2)	(3)	(4)	(5)	58	(1)	(2)	(3)	(4)	(5)	93	(1)	(2)	(3)	(4)	(5)	128	(1)	(2)	(3)	(4)	(5)
24	(1)	(2)	(3)	(4)	(5)	59	(1)	(2)	(3)	(4)	(5)	94	(1)	(2)	(3)	(4)	(5)	129	(1)	(2)	(3)	(4)	(5)
25	(1)	(2)	(3)	(4)	(5)	60	(1)	(2)	(3)	(4)	(5)	95	(1)	(2)	(3)	(4)	(5)	130	(1)	(2)	(3)	(4)	(5)
26	(1)	(2)	(3)	(4)	(5)	61	(1)	(2)	(3)	(4)	(5)	96	(1)	(2)	(3)	(4)	(5)	131	(1)	(2)	(3)	(4)	(5)
27	(1)	(2)	(3)	(4)	(5)	62	(1)	(2)	(3)	(4)	(5)	97	(1)	(2)	(3)	(4)	(5)	132	(1)	(2)	(3)	(4)	(5)
28	(1)	(2)	(3)	(4)	(5)	63	(1)	(2)	(3)	(4)	(5)	98	(1)	(2)	(3)	(4)	(5)	133	(1)	(2)	(3)	(4)	(5)
29	(1)	(2)	(3)	(4)	(5)	64	(1)	(2)	(3)	(4)	(5)	99	(1)	(2)	(3)	(4)	(5)	134	(1)	(2)	(3)	(4)	(5)
30	(1)	(2)	(3)	(4)	(5)	65	(1)	(2)	(3)	(4)	(5)	100	(1)	(2)	(3)	(4)	(5)	135	(1)	(2)	(3)	(4)	(5)
31	(1)	(2)	(3)	(4)	(5)	66	(1)	(2)	(3)	(4)	(5)	101	(1)	(2)	(3)	(4)	(5)	136	(1)	(2)	(3)	(4)	(5)
32	(1)	(2)	(3)	(4)	(5)	67	(1)	(2)	(3)	(4)	(5)	102	(1)	(2)	(3)	(4)	(5)	137	(1)	(2)	(3)	(4)	(5)
33	(1)	(2)	(3)	(4)	(5)	68	(1)	(2)	(3)	(4)	(5)	103	(1)	(2)	(3)	(4)	(5)	138	(1)	(2)	(3)	(4)	(5)
34	(1)	(2)	(3)	(4)	(5)	69	(1)	(2)	(3)	(4)	(5)	104	(1)	(2)	(3)	(4)	(5)	139	(1)	(2)	(3)	(4)	(5)
35	(1)	(2)	(3)	(4)	(5)	70	(1)	(2)	(3)	(4)	(5)	105	(1)	(2)	(3)	(4)	(5)	140	(1)	(2)	(3)	(4)	(5)

Specimen only