

Tutorial Letter 101/3/2013

Global Business Environments

MNI301J

Semesters 1 and 2

Department of Business Management

This tutorial letter contains important information about your module.

Please note / important notes:

Please register as a user of myUnisa as soon as possible. It is free of charge. Visit <https://my.unisa.ac.za> for details. At myUnisa you will be able to get in touch with fellow students, submit your assignments, update your details, find self assessment questions, as well as participate in discussion forums and blogs.

It is also important that you provide Unisa with your cellular number because important announcements may be sent to you by sms.

BAR CODE

CONTENTS

1	INTRODUCTION AND WELCOME.....	3
1.1	Tutorial matter.....	4
2	PURPOSE OF AND OUTCOMES FOR THE MODULE.....	4
2.1	Purpose	4
2.2	Outcomes	4
3	LECTURER AND CONTACT DETAILS	4
3.1	Lecturer	4
3.2	Department.....	5
3.3	University.....	5
4	MODULE RELATED RESOURCES	5
4.1	Prescribed books	5
4.2	Recommended books	5
4.3	Electronic Reserves (e-Reserves).....	5
5	STUDENT SUPPORT SERVICES FOR THE MODULE	5
6	MODULE SPECIFIC STUDY PLAN	6
7	MODULE PRACTICAL WORK AND WORK INTEGRATED LEARNING.....	6
8	ASSESSMENT	6
8.1	Assessment plan	6
8.2	General assignment number.....	8
8.2.1	Unique assignment number	8
8.2.2	Due dates of assignment	8
8.3	Submission of assignment	9
8.4	Assignment.....	9
9	EXAMINATIONS	20
10	OTHER ASSESSMENT METHODS	20
11	FREQUENTLY ASKED QUESTIONS	21
12	CONCLUSION.....	26

Dear Student

1 INTRODUCTION AND WELCOME

Welcome to this module in Global Business Environments (MNI301J). We have pleasure in welcoming you to this exciting module, and trust that you will find it interesting, inspiring and enlightening. Although the main driver of global economic integration is globalisation, this concept (or ideology) is not a new development or innovation in the world of business. However, its major influencing factors have shifted from the stable and predictable competitive environments, to the much more turbulent and chaotic recent reality. The main determinants of modern form of globalisation have been identified as the much-improved information and telecommunication technologies, improved transportation system, economic and financial market liberalisation, and trade/investment deregulation across the globe - all which have culminated in the unprecedented levels of economic prosperity and improved standard of living across the world, albeit with unprecedented challenges as well!

This module discusses the main factors that have contributed to major expansion of international trade and investment in recent years, and the challenges that still remain to be overcome in that regard. We will focus on these and other issues relating to the international business dynamics in this module. In order to pass this module, you will have to devote at least two hours per day reading and summarising, as well as synthesising the concepts examined in this module in order to aid your practical capability.

The purpose of this paper is to introduce students to Global Business management and its dynamics as a strategic approach for businesses that operates across international borders. This module provides insight into the complexity of business operations across international borders and the essence of international business environments in the international business context. This module covers the processes involved in identifying international business opportunities, and how to exploit same in a strategic manner. It is a module that prepares potential global managers for the challenges of operating internationally. It exposes students to various fields of business management such as human resources, marketing, strategic management, finance, and accounting. It also touches on some aspects of sociology, IT and a host of other issues that influence the conduct of business globally.

On completion of this module students are expected to gain an informed understanding of the place of Global Business Environments in the contemporary business environment. You are expected to gain some knowledge of Internationalisation theories, regarding the evolution of foreign trade and the academic validity of the governing assumptions that surrounds the process of decision making in this context. You are also expected to be able to discuss recent and expected developments in the world of international business as they relate to business operations, regional economic integrations and groupings. The basic principles of regional groupings will be evaluated in relation to some selected regional arrangements that have managed to survive up to now. You are also expected to gain competences and skills in the evaluation of ranging issues in international business environment, such as the increasing pressure on globalisation, global competitive strategies, and other basic issues of international interest as they relate to business operations in the global context.

1.1 Tutorial matter

Your tutorial matter for Global Business Environments (MNI301J) consists of the following:

- Tutorial letters 501 & 502 in lieu of the study guide
- You will also receive a tutorial letter shortly after the closing date of each of the two compulsory assignments, which will contain the solutions to the assignment questions
- Additional resources and announcements are provided at <https://my.unisa.ac.za>

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

The purpose of this module is to expose you to the conceptual framework of global business and the challenges of doing business across international borders. As such, this module examines your understanding, knowledge and practical capability of the investment environments that confronts multinational enterprises, irrespective of size or scope of operation.

2.2 Outcomes

On completion of this module, you should be able to:

- understand the process of globalisation as a conduit through which international business is being conducted
- gain insight into global trade mechanisms and the ebb and flow of foreign direct investment within the parameters of regional economic integration
- demonstrate the implications of economic integration and the development of regional trade blocs
- plan global business operations within the context of international cultural, political, legal and economic environments
- plan and implement international business strategies including the development of entry strategies and corroborative arrangements
- develop a global mindset based on international management and leadership principles
- demonstrate how global collaboration and strategic alliances could influence business operations especially in the developing economies such as those in Africa
- show how businesses in the developing economies, especially South African business enterprises could benefit from the increasing economic integration of Southern Africa as an emerging regional market
- show how socio-economic development initiatives could enhance economic development in Africa, Southern Africa and South Africa

3 LECTURER AND CONTACT DETAILS

3.1 Lecturer

Kindly be aware that the mode of contacting your lecturers for this module is preferably by e-mail. Any enquiries of an academic nature concerning this module, such as an enquiry about a specific concept, principle or theory in the prescribed book, may (at any time) be directed to either of the following addresses:

aregbra@unisa.ac.za; ntisola@unisa.ac.za; or busman@unisa.ac.za or Fax 012 429 8135

However, note that your queries will only be attended to during the office hours.

3.2 Department

This module is offered by academic staff members in the Department of Business Management. Administrative queries may be directed to the appropriate department as indicated in the *myStudies@Unisa brochure*. Examples of administrative queries are registration matters, study material matters, account queries, examination queries, and graduation issues.

Please note that you may get in touch with fellow students, download study material, submit assignments, change your address and/or examination venue, view your assignment marks, download previous examination papers, find self assessment questions and get in touch with your lecturers at <https://my.unisa.ac.za>

Academic support enquiries may be directed to telephone number: 012 429 4220.

E-mail queries may be sent to:

Subject area	e-mail address
Global Business Environments	busman@unisa.ac.za

3.3 University

Kindly NOTE that the Call Centre of the university has been closed down.

E-mail enquiries may be directed to study-info@unisa.ac.za

Registration matters may be directed to econ@unisa.ac.za

4 MODULE RELATED RESOURCES

4.1 Prescribed book

You must acquire the following prescribed book from one of the official Unisa bookstores:

Aregbeshola, Bosch, Luiz, Ojah, Oosthuizen, Palmer, and Venter. 2011. *Global Business Environments and Strategies*, 4th Edition. Oxford University Press, Southern Africa (ISBN: ISBN 9780195997705)

4.2 Recommended books

None.

4.3 Electronic Reserves (e-Reserves)

None.

5 STUDENT SUPPORT SERVICES FOR THE MODULE

Unisa Library login

You will be required to provide your login details, i.e. your student number and your myUnisa password, in order to access the library's online resources and services. This will enable you to:

- View or print your electronic course material
- Request library material
- View and renew your library material
- Use the library's e-resources

Requesting books from the library

Students are expected to purchase their own copies of **prescribed books** listed in Tutorial Letters 101. A limited number of copies are housed in the Unisa Libraries, subject to each branch library's lending regulations. Problems experienced in obtaining copies from booksellers should be directed to the Prescribed Book section at email vospresc@unisa.ac.za or telephone +27 12 429 4152.

Electronic requests

The preferred way of requesting **recommended or additional books** is **online** via the library's catalogue. Go to <http://oasis.unisa.ac.za> or via myUnisa, go to <http://my.unisa.ac.za> > Login > Library > Library catalogue, or for mobile access (AirPAC), go to <http://oasis.unisa.ac.za/airpac>

Telephonic book requests

This can be done on +27 12 429 3133.

Postal requests

Books may also be requested by completing one library book **request card** for each book. Request cards are included in your study package. These should be mailed to

The Head: Request Services
Department of Library Services
PO Box 392
Pretoria 0003; or faxed to +27 12 429 8128.

Enquiries about requested books should be addressed to bib-circ@unisa.ac.za - note requests should not be sent to this email address. Telephonic enquiries can be made at +27 12 429 3133/3134. An after-hour voicemail service is also available at these numbers. Further important information appears in your *myStudies@Unisa* brochure.

6 MODULE SPECIFIC STUDY PLAN

Use your *myStudies@Unisa* brochure for general time management and planning skills.

7 MODULE PRACTICAL WORK AND WORK INTEGRATED LEARNING

None.

8 ASSESSMENT

8.1 Assessment plan

Assignments are seen as part of the learning material for this module. As you do the assignments, study the reading texts, consult other resources, discuss the work with fellow students or tutors, and do extra research in the subject area. You are also urged to actively engage in learning, as a process of acquiring deep understanding and knowledge

of this module. Paying attention to the assessment criteria for each assignment will help you to understand what is required of you more clearly.

You may submit assignments done on mark-reading sheets either by post or electronically via myUnisa. Assignments may not be submitted by fax or e-mail; no assignment may be submitted directly to the lecturer. For detailed information and requirements as far as assignments are concerned, see the brochure *mystudies@Unisa* that you received with your study material.

Compulsory assignment

The two set of assignments (assignment 01 and 02) for this module are compulsory assignments. They are in the form of multiple-choice questions. There are non-negotiable submission deadlines for each of the assignments of this module and you must submit these assignments if you wish to gain entry to the examination. The average of both assignments contributes 10% to your year mark.

Year marks

Your year mark, based on the mark obtained for the two compulsory assignments, contributes 10% towards your final mark, while your examination mark contributes 90%.

The combined weighted average of your year mark and examination mark must be 50% or higher for you to pass this module. However, you must obtain a minimum of 40% in the examination, regardless of your year mark. If you obtain less than 40% in the examination your year mark will not be taken into account and you will fail.

Example 1

If you receive an assignment mark of 50%, this mark will be multiplied by 0,1 which equals 5% of the final assessment mark. If you obtain 35 out of a possible 70 marks in the examination (i.e. 50%), this percentage is then multiplied by 0,9, which equals 45% of the final assessment mark. Your assignment mark and examination mark are then combined (5% + 45%) to give you a final assessment mark of 50% for the module.

Example 2

If you obtain an assignment mark of 60%, this mark multiplied by 0,1 gives 6% of your final assessment mark. If you then obtain 44 out of 70 marks (or 63%) in the examination, this figure is multiplied by 0,9 to give you 56,7%. The two results are then combined to give you a final assessment mark of 63% (6% + 56,7%) for the module.

You will need a final mark of at least 45% in order to qualify for a supplementary examination.

For general information and requirements as far as assignments are concerned, see the brochure *myStudies@Unisa*, which you received with your study material.

8.2 General assignment numbers

Assignments are numbered consecutively per module, starting from 01. You are urged to start with Assignment 01, and proceed to Assignment 02.

8.2.1 Unique assignment numbers

Each assignment has been allocated a unique number in order to identify it in the Unisa assessment plans. Please ensure you always indicate the correct unique number when submitting assignments.

8.2.2 Due dates of assignment

<p style="text-align: center;">SEMESTER 1</p> <p>ASSIGNMENT 01: COMPULSORY ASSIGNMENT. Unique number: 356094</p> <p>Make sure that you fill in the correct unique number on the mark-reading sheet. Due date: 15 March 2013</p> <p>ASSIGNMENT 02: COMPULSORY ASSIGNMENT. Unique number: 262045</p> <p>Make sure that you fill in the correct unique number on the mark-reading sheet. Due date: 12 April 2013</p>
--

<p style="text-align: center;">SEMESTER 2</p> <p>ASSIGNMENT 01: COMPULSORY ASSIGNMENT. Unique number: 307341</p> <p>Make sure that you fill in the correct unique number on the mark-reading sheet. Due date: 16 August 2013</p> <p>ASSIGNMENT 02: COMPULSORY ASSIGNMENT. Unique number: 776128</p> <p>Make sure that you fill in the correct unique number on the mark-reading sheet. Due date: 13 September 2013</p>

As indicated earlier, you should preferably submit your assignments at <https://my.unisa.ac.za> prior to the due date of each assignment. Do not wait until the day just prior to the due date. Technical problems with the computer servers of myUnisa may prevent you from submitting your assignment at the last minute.

Please ensure that your assignments reach the Unisa main campus by the due dates should you not be able to submit your assignments at myUnisa and need to mail us your assignments in hard copy format. Requests for extension of due dates for assignments will not be granted. These due

dates have been set to allow you sufficient time for the completion of other assignments and your preparation for the examination.

Information about whether Unisa has received your assignment and the mark attained for an assignment can be obtained from <https://my.unisa.ac.za>.

8.3 Submission of assignments

To submit an assignment **via myUnisa**:

- Go to myUnisa at <https://my.unisa.ac.za>
- Log in with your student number and password.
- Select the module.
- Click on assignments in the left-hand menu.
- Click on the assignment number you want to submit.
- Follow the instructions on the screen.

Only if you do not have access to the Internet should you submit your assignment by means of a mark-reading sheet and mail it to Unisa. If you are using a mark-reading sheet, remember to:

1. use an HB pencil
2. indicate your student number and the above-mentioned unique number on the mark-reading sheet
3. follow the instructions for completing mark-reading sheets. Incomplete mark-reading sheets will be returned to you unmarked
4. submit the assignment in good time. It must have reached the Unisa Main Campus by the above-mentioned date. Otherwise it might not be in time to be marked by the Department of Student Assessment Administration.

8.4 Assignment

ASSIGNMENT 01 Due dates:

First semester: 15 March 2013 - Unique number: 356094

Second semester: 16 August 2013 – Unique number: 307341

Aim: The aim of this first assignment is to evaluate your knowledge of some of the fundamental concepts, principles and theories that underpin the specialised area of global business environment. You may also need to conceptualise and analyse scenarios that relates to the global business environments and its imperatives.

Answer the following questions and submit your assignment at <https://my.unisa.ac.za>.

Question 1

Which **ONE** of the following is a benefit of establishing a sustainable competitive advantage for entrepreneurs?

1. Increased market share.
2. Ensured long term profitability.
3. Ensured long term sustainability.
4. Attached prestigious status.

Question 2

“The modern global business environment can best be described as volatile and chaotic; and turbulence can now be seen as the new normality”. Given this citation, which **ONE** of the following **IS NOT** a reason for the ‘turbulence’ in the business operating environment?

1. Increasing nature of competition.
2. Increasing global political, social and economic stabilities.
3. Changing consumer preferences and demographics.
4. Decreasing risks of doing international business.

Question 3

In viewing the concept “Globalisation” both academics and business people have different perspectives. Which **ONE** of the following would best describe how academics view globalisation?

1. The political economies of foreign countries.
2. The converging tastes and fashion of customers.
3. The global financial systems and operations.
4. The dissemination of knowledge.

Question 4

From a social perspective, globalisation could be conceptualised as a process that embodies transformation in the spatial organisation of social relations and transactions. Which of the following best describes globalisation from economic point of view?

1. A historical process of generating transcontinental networks of activity.
2. The interaction and the exercise of power.
3. The increasing integration of economies around the world through movement of goods, services and capital across borders.
4. The process of increasing global homogeneity.

Question 5

'Born Global' firms are one of the recent exceptions to the conventional incremental pattern of foreign expansion'. Which **ONE** of the following is a unique feature of this business innovation?

1. They venture abroad shortly after developing the domestic markets to a sustainable level.
2. They leverage foreign expansion opportunities in the same vein as they do for domestic markets.
3. The overseas expansion becomes a secondary option as the domestic market becomes too competitive.
4. They begin overseas operations as soon as the domestic market condition becomes heated.

Question 6

Which of the following **IS NOT** one of the components of technological innovation?

1. The Internet and World Wide Web (WWW).
2. Company Intranets and extranets.
3. Advances in transportation technology.
4. Creation of economic trade.

Question 7

In which of the following industries does the new entrant firm have no reason to introduce new resources in the market?

1. The introductory industry.
2. The growth industry.
3. The mature industry.
4. The decline industry.

Question 8

Which of the following **IS NOT** a method for starting foreign production?

1. Licensing.
2. Joint venture.
3. Contract manufacturing.
4. Direct investment in manufacturing.

Question 9

Which of the following theories supports the practical reality of competitive rivalry among firms in foreign markets?

1. The theory of strategic competition.
2. The theory of absolute advantage.
3. The theory of multipoint completion.
4. The theory of strategic behaviour.

Question 10

Porter's research confirmed that nations are more likely to do well in those industries that are:

1. characterised by intense rivalry
2. far from their suppliers and other supporting industries
3. have high-cost inputs and operate internationally
4. expanding competitively into internal markets

Question 11

Which **ONE** of the following does **NOT** form part of the evolution of multinational enterprises?

1. International business enquiries
2. The establishment of overseas branches and subsidiaries
3. Forecasting foreign exchange fluctuations
4. The establishment of production plants abroad

Question 12

The underpinning framework of Adam Smith's theory of Absolute Advantage rests on the premise that:

1. the best measure of a country's wealth is the quality of life enjoyed by the citizen of a country
2. the best measure of an effective division of labour is the realisation of absolute advantage in the production of goods and services
3. the division of tasks among the rank and file in an organisation is the best approach to realising an absolute advantage over competitors
4. the real competitive advantage of a firm lies in its ability to divide tasks, roles, authorities and responsibilities among the top managers

Question 13

National prosperity is created through all of the following, **EXCEPT** _____

1. national holidays.
2. national values.
3. national economic structures.
4. national institutions.

Question 14

A nation's competitive advantage is determined by:

1. Its increasing dependence on trade liberalisation to improve capital formation.
2. Its dependence on investments of multinational enterprises and their overseas subsidiaries.
3. Its national values, culture, economic structures, institutions and histories.
4. The extent of its immunity to the international credit crunch.

Question 15

"The purpose of a contract is to specify the respective rights and obligations of parties to an agreement and to outline specific procedures or actions that must take place within the framework of the constituted arrangement". In the light of this citation, which **ONE** of the following discourages litigation in settling international trade disputes?

1. The weak regulatory environment in overseas markets.
2. The strong political will of the host country to always avoid trade disputes.
3. The high costs associated with cross-border litigation processes.
4. The negative bias of the host legal system against foreign investors.

Question 16

According to the **PESTEL** model, which of the following does a company needs to focus on when contemplating international expansion?

1. The political economy of the host country.
2. The legal framework of home country.
3. The technological expertise of home country.
4. The cultural orientation of the foreign countries.

Question 17

Which of the following is a potential threat to conducting business in industrialised countries?

1. Civil disorder.
2. Labour disruptions.
3. Expropriations.
4. Border controls.

Question 18

As a result of elimination of tariff on imports from the partner country, trade diversion involves a shift in consumption from:

1. a lower-cost producer to a higher-consumption partner.
2. a lower-cost world source to a higher-cost partner source.
3. a higher-cost partner to a lower-cost partner.
4. a higher-cost world source to a lower-cost partner source.

Question 19

Which of the following is an explicit advantage of The Indian Ocean Rim- Association for Regional Cooperation (IOR-ARC) for the member nations?

1. It constitutes an important initiative for national and regional cooperation through free trade and investment flows facilitation.
2. It discourages closer relations to Indian market.
3. It does not counter the risk of marginalisation of IOR states.
4. It encompasses a set of wider concerns beyond trade and investment facilitation shared by states of IOR.

Question 20

One of the economic and business implications of honesty as a value attribute is that it facilitates:

1. lower costs and risks of doing business and good relationships
2. higher deficiency, lower productivity and sustainable competitive advantage
3. partner companies may not commit resources readily
4. higher possibility of breaking contractual obligations

ASSIGNMENT 02

Due dates:

First semester: 12 April 2013 - Unique number: 262045

Second semester: 13 September 2013 – Unique number: 776128

Aim: The aim of this assignment is to evaluate your capability to analyse, synthesise and apply the theories, concepts and principles of global business. Your practical understanding of the subject area is tested and your ability to conduct scenario analysis/application of knowledge is examined.

Answer the following questions and submit your assignment at <https://my.unisa.ac.za>.

Question 1

According to the prescribed book, which firm should have a competitive advantage over its rivals?

1. A firm that manages costs and risk related to cultural differences between countries.
2. A firm that is culturally ethnocentric.
3. A firm that believes culture has no place in business.
4. A firm that ignores all cultural challenges and focus more on potential costs and risks of operations in different countries.

Question 2

Which of the following reasons for trade barriers originates from the country enjoying full legal status through which it formulates its own policies and regulations, establishes institutions and adjudicates matters?

1. Attraction of local production and foreign investment.
2. Reduction of reliance on foreign suppliers.
3. Political objectives or retaliation.
4. Protection of national sovereignty.

Question 3

The main drawback of the Ricardian theory of comparative advantage is that:

1. It suggests that a country should export the commodities it can produce at a lower cost and import at a higher cost compared with other nations.
2. It states that there is no international differences in technology and no room for technology transfer and spillovers.
3. It fails to explain spillovers from technology.
4. It argues that firms have ownership-specific advantages in the form of non-financial and intangible assets.

Question 4

Which competency requires managers to have an integrated approach to the world and looking for opportunities in one country that can be leveraged across operational network?

1. Develop a global mindset.
2. Develop a global competitive advantage.
3. Develop a global complexity management skill.
4. Develop a global cultural management.

Question 5

A firm that uses a worldwide product division structure with a predominantly ethnocentric staffing policy is said to be following which strategy?

1. A transnational strategy.
2. A global strategy.
3. A multidomestic strategy.
4. An international strategy

Question 6

Which of the following is considered a disadvantage of strategic alliance?

1. Incompatible management styles, organisational cultures and controls systems.
2. A risk that control of intellectual capital may dissipate.
3. High transportation costs to the partner firm.
4. Lack of control by one partner on marketing activities of the product that is served in the global market.

Question 7

Looking at the importance of and relationship between organisational and operational strategy, the strategic role and value of foreign manufacturing allows for:

1. the organisation to align its strategy and its foreign investment decision.
2. the development of expertise and capabilities in the foreign location that results over time from global learning.
3. the organisation to consider its use of current resources and how to gain access to new resources.
4. the organisation to increase production quality through minimised defects that result in increased level of reliability.

Question 8

Upon using foreign suppliers for components manufacturing, the organisation must consider all of the following **EXCEPT** _____

1. develop an exit strategy in case a change in long-term strategic goals make outsourcing inexpedient.
2. always minimise risk by obtaining the relevant insurance cover for the contracted overseas manufactures.
3. always ensure that critical knowledge and expertise to maximise outsourcing practices is retained.
4. provide relevant incentives to all stakeholders involved in outsourcing.

Question 9

Multinational financial management is based on two models, namely the corporate wealth maximisation model and the shareholder's wealth maximisation? Which of the following statements best favours the former at the expense of the latter?

1. Exploration for shared investment risk.
2. Evaluation of systematic risk.
3. Understanding of country-specific risk.
4. Understanding of total corporate risk.

Question 10

Why would the decline of the currency have no effect on the local deposit and purchasing power in the local market, yet have a negative effect on the MNEs ownership shares in terms of translation exposure?

1. The perceived negative effect on the company's earnings as a result of translation could lead to an increase in its share price in stock markets.
2. The currency value of the parent asset in the consolidated balance sheet would be decreased.
3. The perceived solvency and debt-to-equity ratio would provide for more opportunity for borrowing in future.
4. The unprofitable translation exposure can turn into a profitable translation exposure.

Question 11

'When considering global manufacturing and the other related functions and activities, we need to first contextualise these functions and activities in an operational context where inputs are transformed into outputs'. The following are the activities involved in transforming inputs into outputs, **EXCEPT** _____

1. valuable consumption agents.
2. reliable resource suppliers.
3. reliable distribution agents.
4. valuable transformation agents.

Question 12

If a South African company had trade agreement with one of the Gulf (oil rich) countries about three years ago for the next 5 years. Looking at the current value of rand (ZAR) and crude oil prices, which of the following strategic combination would you suggest the South African company should have considered three years ago?

1. Currency swaps and currency forward contracts.
2. Operating financial strategies and currency forwards contracts.
3. Currency forward contracts and currency options.
4. Currency swaps and operating financial strategies.

Question 13

Which of the following **IS NOT** a requirement of the IFRS mandatory disclosure about the company information?

1. Report of corporate social responsibility.
2. Balance sheet cash flow statement.
3. Statement of comprehensive income.
4. Statement of changes in equity.

Question14

The Eclectic Paradigm or the Ownership-Location-Internalisation (OLI) framework of John Dunning compares the rationale for adopting various entry modes by multinational enterprises. Using the framework, which **ONE** of the following entry modes should be adopted by a firm that is concerned with absolute control over resources and technology?

1. Foreign Direct Investment.
2. Franchising.
3. Licensing.
4. Exporting.

Question 15

Which **ONE** of the following is a function of investment promotion agencies?

1. Advertising and good public relations for image building.
2. Policy advocacy to advance investor-friendly macroeconomic policies.
3. Possible financial policies and activities against investors.
4. Give institutional, regulatory and legal supports to local competitors.

Question 16

Development and operation of a global mindset with more tolerant of other people and cultures as well as capacity to manage uncertainty and ability to balance tensions attribute to which of the following?

1. Emotional intelligence.
2. Corporate leadership.
3. International leadership.
4. Transnational leadership.

Question 17

Which **ONE** of the following **IS NOT** a motivation for privatising national assets?

1. Developing a competitive industry that services consumers better.
2. Improving the operating efficiency and performance of the enterprise.
3. Accessing private capital and process restructuring that permit growth.
4. Creating state-supported competition in the domestic market.

Question 18

Which of the following lends credence to Africa's socio-political and institutional performance as a result of leadership notoriousness for long tenure?

1. Civil war and conflict.
2. Unchecked corruption.
3. Lower living standards.
4. Poor governance.

Question 19

A high inflation rate triggers an increase in interest rates, which of the following best explains why?

1. Interest rates are raised to attract domestic deposit in the face of a rapidly growing economy.
2. Interest rates are raised to improve the purchasing power of the domestic currency.
3. Interest rates are raised to attract cheaper foreign imports in the face of lower domestic production.
4. Interest rates are raised to discourage domestic credit consumption.

Question 20

Which **ONE** of the following best describes the international competitive strategy where decisions are made at the parent firm level as well as in subsidiaries as circumstances allow?

1. Leveraging core competencies.
2. Leveraging subsidiary skills.
3. Geocentric orientation.
4. Polycentric orientation.

9 EXAMINATIONS

Examination admission will be granted to all students who submit the compulsory assignments. Students who do not submit the assignments will **NOT** be allowed to write the examination.

The provisional examination dates have been published at <https://my.unisa.ac.za>

The examination paper for MNI301J (Global Business Environments) will be a two-hour paper (70 marks). **It is a closed-book examination.** The examination paper will consist of two sections, namely sections **A** and **B**. Section A will contain compulsory 20 multiple-choice questions which you are expected to answer. Each of these 20 multiple-choice questions carries equal mark (1 mark each). **These questions cover the material in the study guide and all the prescribed chapters in the prescribed book.** These questions range from straightforward theory to practical application questions. Incorrect answers will **not** be marked negatively. **The multiple-choice questions should be answered on the mark-reading sheet** that will be provided. **Be sure to write your student number and the unique number** of the examination paper, which you will find in the top left-hand corner of the first (cover) page of the examination paper, **correctly on the mark-reading sheet.**

Section B contains three questions (with sub-questions) of which you are expected to answer any two. Each question carries equal marks (25 marks each). As stated earlier, you **MUST** obtain a minimum final mark of 50% to pass this module. A student must attain a mark of at least 45% in order to qualify for admission to the supplementary examination. Details about the procedure and cost for the re-marking of examination scripts may be found in the tutorial letter.

10 OTHER ASSESSMENT METHODS

None.

11 FREQUENTLY ASKED QUESTIONS

SECTION A: ADMINISTRATIVE MATTERS

1 MATTERS PERTAINING TO REGISTRATION

What should I do if any of my personal details (name, address, etc) have been incorrectly captured during the registration process?

Please use myUnisa (<https://my.unisa.ac.za>) to rectify any mistakes. Alternatively send an e-mail to econ@unisa.ac.za. Alternatively mail us a letter addressed to The Registrar, PO Box 392, Unisa, 0003. Please remember to quote your student number in all correspondence.

What do I need to do to obtain items that were out of stock when I registered?

Please use the Internet facility at <https://my.unisa.ac.za> in order to download copies of any of the study material. Alternatively send an e-mail to: despatch@unisa.ac.za. Please remember to quote your student number in all correspondence. Please allow ± 4 weeks for delivery of any outstanding items before contacting Unisa about out-of-stock items.

2 ASSIGNMENTS

My assignment is late because.... Can I submit it at a later date?

It is your responsibility to ensure that your assignment is submitted at myUnisa or reaches the Unisa Main Campus on or before the closing date. Please do not call us to request an extension for the submission of an assignment. Once you have received the tutorial letter containing the solutions you will know that you definitely can no longer submit the assignment.

Are the assignments of this programme compulsory?

The assignments are compulsory. The intention is that you should use the assignments to prepare yourself for the examination.

Do the marks obtained for assignments count towards the final mark?

The assignment marks do count towards the final marks, as explained in this tutorial letter.

Who do I contact to find out if Unisa received my assignment(s) that I sent by mail?

Preferably submit your assignments via myUnisa. If you do not have access to the Internet and mailed Unisa your assignments, visit <https://my.unisa.ac.za> in order to determine if Unisa received your assignment(s).

What do I do if my assignment goes missing in the mail?

Preferably submit your assignments via myUnisa. Always make a copy of your assignment and keep it in a safe place in case you need to submit a duplicate copy. If the need arises, resubmit your assignment directly to the assignment department. Relevant information to that effect appears in *myStudies@Unisa*

Can I submit my assignments by e-mail?

Assignments should be submitted via the myUnisa facility. Please do not e-mail assignments to the department directly via e-mail.

Can I send my assignments by e-mail directly to the relevant lecturer?

Please do not send your assignments directly to the lecturers. Please use the myUnisa facility.

How long will I have to wait before I can expect my assignment(s) results?

We aim to have assignments marked within three (3) weeks after each due date. Visit <https://my.unisa.ac.za> to determine what mark you achieved. Allow an additional week or two for the post office to deliver the results to your postal address. The assignment results will be returned to the postal address that you indicated. Please do not call us to make enquiries about your assignment before four (4) weeks after the due date have elapsed.

Can I expect my assignment to be returned sooner if I submit it well before the due date?

The marking of assignments normally starts on the due dates indicated in the relevant Tutorial letter 101. Assignments are not marked or returned prior to the due dates.

What mark did I obtain for my assignment(s)?

Register as a user of the myUnisa facility and visit <https://my.unisa.ac.za> to find out the mark you received for your assignment(s).

3 EXAMINATION

What happens if I am unable to write the examination because of ill health, work commitments or any other crisis?

Any requests for aegrotat examinations need to be done in writing and directed to the Head: Examinations, Box 392, Unisa, 0003 or exams@unisa.ac.za. A fee is payable for such requests. The amount payable is determined by the Examination Section.

What happens if I fail any papers?

Students who fail any of the papers may be granted admission to write the supplementary examination scheduled for the next examination, provided they achieved a final mark of at least 45%. Any enquiries in this regard need to be directed to the Head: Examinations, Box 392, Unisa, 0003 or exams@unisa.ac.za

What will happen if I do not write any of the papers during the supplementary examination?

In such a case you will have to obtain a registration form, complete it, pay the required fees and register again. Registration forms are available from www.unisa.ac.za

What do I need to bring to the examination venue?

Bring your identity document (ID), student card, an HB pencil, black pen, financial calculator, ruler, eraser, and pencil sharpener.

Will it be an open-book examination?

No.

Could you give me an idea of the scope of the examination paper?

The examination paper is based on your prescribed book and the learning outcomes provided in your study guide. Each learning outcome statement and assessment criterion may be used to set examination questions. Please do not call us to enquire about the “scope” of the examination paper.

4 RESULTS***I am going to be away when the examination results are due to be released. Could you please tell me what mark I obtained for this paper?***

The results should be available four (4) weeks after completion of the examination period. Please do not call the lecturers to request your results.

How will the results be announced?

The results are normally mailed to students. They are also published at myUnisa <https://my.unisa.ac.za> and the MTN results facility, cellular number 083 1234.

5 STUDY GUIDE AND TUTORIAL LETTERS***I have lost my study guide and tutorial letters. Could you please mail or fax me a copy?***

Please download a copy from the myUnisa. Register as a user at <https://my.unisa.ac.za>. The lecturers do not mail or fax copies of study guides to students. You may also order replacement copies of study guides from Unisa’s Despatch Department. Please send an e-mail to despatch@unisa.ac.za or a letter to The Head, Despatch, PO Box 392, Unisa, 0003.

6 CHANGES IN REGISTRATION DETAILS***What do I need to do if I want to add or cancel any of the modules?***

Please update your details at myUnisa. Alternatively send us an e-mail, facsimile or letter to indicate any changes that need to be made to your registration. Any such changes must be completed two months before the examination. Please send us an e-mail to econ@unisa.ac.za. Alternatively mail us a letter addressed to The Registrar, Box 392, Unisa, 0003. Please remember to quote your student number in all correspondence.

7 ACCOUNTS***What do I do if I do not agree with my account statement?***

Please send a letter addressed to The Head, Student Accounts, Box 392, Unisa, 0003.

Please provide a copy of your receipt(s), deposit slips or electronic funds transfer (EFT) as proof of payment.

To which fax number can I send a copy of my receipt?

012 429 4150

Will the payment immediately appear on my account statement?

Please note that your payment will only be reflected on your next account statement.

8 SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)

Is the programme accredited with SAQA?

Unisa is a public provider of higher learning accredited by the CHE. Specific qualifications offered by Unisa need not be accredited by SETAs. Unisa must be accredited by the Council for Higher Education (CHE).

SECTION B: ACADEMIC MATTERS

1 THE PRESCRIBED BOOK

May I use any alternative books?

We strongly recommend the use of the prescribed book. You are welcome to consult additional reading material but the examination paper is based on the prescribed book.

Which specific pages do I need to study and which can I leave out?

The chapters that need to be studied are indicated in your study guide. The study guide will indicate if any pages may be left out. You need to focus on achieving the learning outcome statements.

Could you highlight the most important aspects of each chapter?

Some students are inclined to study only the “most important aspects”. This may prove to be disastrous in the examination. All aspects of the prescribed chapters identified by means of the learning outcome statements should be regarded as important for the examination.

2 CALCULATORS

Am I allowed to use a calculator?

Yes. In fact we would like to encourage you to use a **scientific calculator**.

Which calculator is prescribed or recommended?

We recommend the use of any scientific calculator of your choice.

Am I allowed to use a programmable calculator in the exam?

No.

3 GROUP DISCUSSION CLASSES

Will any discussion classes be offered?

According to the new Unisa policy, discussion classes facilitated by lecturers have been cancelled. Students are urged to make use of other tutorial arrangements at the regional levels, as well as the e-tutor programme.

Is it compulsory to attend any group discussion classes?

YES. We urge you to attend the discussion class nearest to your location. Experience suggests that failure to attend a discussion class had led to the failure of some students in the past.

4 SUPPLEMENTARY BOOKS AND VIDEOS***Are there any supplementary books and videos which I can use?***

No supplementary books and videos are prescribed.

I would like to do some additional exercises. Could you provide me with the tutorial letters of 2012 or earlier?

Because of limited storage space at Unisa, no tutorial letters from previous years are kept and/or made available to students.

5 CONTACT WITH FELLOW STUDENTS***I wish to contact other students enrolled for this module in Global Business Environments in my area. Please provide me with their contact details.***

Contact may be established with fellow students at the discussion forum and blog at myUnisa. Due to the constitutional right to privacy, we may not disclose the details of students to their fellow students.

6 EXAMINATION***Are any old examination papers available?***

Previous examination papers are published at myUnisa, but no memoranda are made available to students. Old questions will not necessarily be repeated in subsequent examination papers and students are warned not to rely on old examination papers in order to pass the module.

What will the format of the examination paper be like?

The format of the examination for this module will not change from those indicated in this tutorial letter.

Will the examination paper contain any theory questions or will there only be case studies and applications?

A few of the questions involve conceptualisation, applications, and case studies. In most cases, interpretations and practical application of theories will be examined

If I study only the assignment questions, will I be adequately prepared for the examination?

No. It is unlikely that you will be adequately prepared by studying only the assignment questions. The assignment questions represent a sample of the work and cannot be regarded as being representative of all the study material.

Can you give me the “scope” of or any “hints” for the exam?

No “hints” are provided to students. Please do not call the lecturers about the “scope” of or “hints” for the exam. Base your preparation for the examination on the learning outcome statements.

12 CONCLUSION

This tutorial letter provided you with the purpose and outcomes of the module. Information was supplied to you on how to contact the relevant people that are responsible for the module, as well as module related resources and student support services. It is important that you now prepare a study plan for yourself and devote at least 120 hours to this module in order to achieve success in the examination. Further, details of your assessment have been provided, including your assignments for the semester/year.

Some frequently asked questions (FAQs) have been provided in order to save you a telephone call or e-mail. You are urged to begin studies immediately and to work interactively well in order to be successful in this course. It is equally important that you achieve all the learning outcomes set out in the module in order to acquire the required skills and competence.

Very best wishes

Your lecturers in Global Business Environments



Tutorial Letter 201/3/2013

Global Business Environments

MNI301J


Semesters 1 & 2

Department of Business Management

IMPORTANT INFORMATION:

This tutorial letter contains answers to Assignment 01

BAR CODE



CONTENTS

Contents

1.	INTRODUCTION	2
2.	FEEDBACK ON ASSIGNMENT 01	3
3.	CONCLUSION.....	10

1. INTRODUCTION

This tutorial letter provides feedback on Assignment 01, which was included in Tutorial Letter 101/2013. You will need to study the contents of this tutorial letter carefully as it provides you with valuable insight into how to answer the assignment questions. This feedback will also assist you with your examination preparation.

This assignment consisted of 20 questions.

As mentioned in Tutorial Letter 101, Assignments 01 and 02 are compulsory assignments. It is therefore crucial that you consider these assignments as important learning opportunities. Consequently, you are expected to integrate the information presented in this tutorial letter with the answers you supplied. The process of evaluating these answers (your answers and the feedback to the assignments) will give you an indication of your level of understanding of the material and will be able to note any areas that require improvement. The explanations regarding the correct options should be seen as a guideline only, and not as an academic prescription (model answers). Your individual opinions, in line with the suggested answers, should also be considered and, possibly, discussed with your lecturer in order to facilitate a better learning experience and practical competence in this field of study.

2. FEEDBACK ON ASSIGNMENT 01

Question 1

Which **ONE** of the following is a benefit of establishing a sustainable competitive advantage for entrepreneurs?

Option **2** is the correct answer.

To ensure sustainability, Aregbeshola et al (2011:4) advocate that an enterprise must establish and maintain a competitive advantage over its rivals in the same business environment. The benefit of the sustained competitive advantage, therefore, is that the enterprise will earn long-term profitability.

Question 2

“The modern global business environment can best be described as volatile and chaotic; and turbulence can now be seen as the new normality.” Given this statement, which **ONE** of the following **IS NOT** a reason for the “turbulence” in the business operating environment?

Option **4** is the correct answer.

According to Aregbeshola et al (2011:4), the operating environment that the business is exposed to is always volatile, chaotic and turbulent to a certain extent. Consequently, businesses can expect to be affected by the results of this turbulence at some stage of their operational life. However, should all risks associated with doing business internationally be decreased, then the opposite will be true for the normality of volatility, chaos and turbulence in the international business arena.

Question 3

Academics and businesspeople have different perspectives of the concept of globalisation. Which **ONE** of the following would best describe how academics view globalisation?

Option **1** is the correct answer.

Aregbeshola et al (2011:5) state that, from the perspective of academics and researchers, globalisation entails the creation, accumulation and dissemination of knowledge, technological invention and innovation. On the other hand, business people view globalisation from the perspective of global financial systems and operations, as well as other factors relating to the global environment.

Question 4

From a social perspective, globalisation could be conceptualised as a process that embodies transformation in the spatial organisation of social relations and transactions. Which of the following best describes globalisation from an economic point of view?

Option **3** is the correct answer.

The prescribed textbook (page 6) cites IMF, which sees economic globalisation as a historical process resulting from human innovation and technological progress which entails the movement of goods and services in the global market.

Question 5

“Born global” firms are one of the recent exceptions to the conventional incremental pattern of foreign expansion. Which **ONE** of the following is a unique feature of this business innovation?

Option **2** is the correct answer.

The existing literature on International Business shows that many firms do not venture abroad following the incremental pattern that was the norm in the global expansion process. Regardless of their size, sector or industry, these firms leverage foreign expansion opportunities in the same manner as they do for the domestic markets. Many of these firms begin their international activities right from the outset.

Question 6

Which of the following **IS NOT** one of the components of technological innovation?

Option **4** is the correct answer.

The authors of the prescribed book state that the global exchange of ideas and opinions, trade and investments, research and education, as well as the movement of people, products and services, are the result of the four main components of technological innovation, namely e-mail and video conferencing; the internet (world-wide web); company intranets and extranets; and the advances in transportation technology.

Question 7

In which of the following industries does the new entrant firm have no reason to introduce new resources in the market?

Option **3** is the correct answer.

Mature industries are characterised by market saturation, therefore the introduction of new resources will not benefit any firm within the industry or give it an advantage over its competitors. The firm should rather select a novel market, where there is no threat of competition.

Question 8

Which of the following **IS NOT** a method for starting foreign production?

Option **2** is the correct answer.

According to Aregbeshola et al (2011:15), the three methods that are generally applicable for starting foreign production include contract manufacturing, licensing and direct investment. A joint venture is a business agreement between two or more existing businesses, which is why it is not one of the applicable methods.

Question 9

Which of the following theories supports the practical reality of competitive rivalry among firms in foreign markets?

Option **3** is the correct answer.

The literature on the theory of expanding abroad states that while strategic behaviour asserts that firms follow their competitors abroad; the theory of midpoint competition suggests that firms compete against one another in two or more markets. In terms of this complex rivalry, the actions of one market affect the actions of another market, and a firm experiences unique pressures based on its interactions with competitors across markets.

Question 10

Porter's research confirmed that nations are more likely to do well in those industries that are...

Option **1** is the correct answer.

The work of Michael Porter, as cited in Aregbeshola et al (2011:21), argues that nations are likely to do well in industries with intense rivalry where management practices and strategies are closely aligned with industry's sources of competitive advantage.

Question 11

Which **ONE** of the following does **NOT** form part of the evolution of multinational enterprises?

Option **3** is the correct answer.

Aregbeshola et al (2011:13-16) clearly describe the phases involved in the internationalisation process of firms. The authors assert that firms generally penetrate overseas markets in seven phases, which are arranged in a modular structure. This arrangement begins with the feasibility studies of the potential benefits that could be derived from such an investment and extends to the integration of overseas subsidiaries. Forecasting foreign exchange does not form part of the evolution process.

Question 12

The underpinning framework of Adam Smith's theory of Absolute Advantage rests on the premise that:

Option 1 is the correct answer.

The theory of international trade states that a country or a firm has an absolute advantage if it can produce a product (good/service) more cheaply (efficiently) than others. In his theory, Adam Smith explains the theory of absolute advantage in terms of division of labour, suggesting that each country should specialise in one product for which it is uniquely suited. As such, countries could produce more products in total and trade in the goods that are cheaper than those produced locally. He therefore believes that the real wealth of a nation lies in the quality of life of its citizens.

Question 13

National prosperity is created through all of the following, **except**...

Option 1 is the correct answer.

According to Michael Porter, the factors that account for national prosperity include national values, national institutions, national symbols, national economic structures and history; national holidays are excluded.

Question 14

A nation's competitive advantage is determined by...

Option 3 is the correct answer.

From the perspective of Michael Porter, a nation's competitive advantage lies in its ability to forge a good synergy among its resources. Such resources include both tangible and intangible assets, such as natural endowments, human capital and institutional framework. These assets determine the extent of the competitiveness of the national economy, which determines the extent to which the domestic firms strive to innovate and improve their product offerings continuously.

Question 15

“The purpose of a contract is to specify the respective rights and obligations of parties to an agreement and to outline specific procedures or actions that must take place within the framework of the constituted arrangement.” In the light of this statement, which **ONE** of the following discourages litigation in settling international trade disputes?

Option **3** is the correct answer.

As another dimension of the external environment, the legal system influences the conduct of the business in various ways and in varying degrees. A business that operates purely in a single market may be able to negotiate the intricacies of the domestic regulatory environment successfully but this will be a challenge for a cross-border operation. While the administrative challenges and the strength of legal institutions in foreign countries may pose barriers to seeking judicial intervention in trade disputes, the prime dissuading factor in this regard is the high cost of cross-border litigation.

Question 16

According to the **PESTEL** model, which of the following does a company need to focus on when contemplating international expansion?

Option **1** is the correct answer.

When a company that is contemplating international expansion uses the PESTEL model, the most important considerations are the political and legal forces operating in the host country. The instability of some foreign governments is such that dramatic and unpredictable regime changes and/or political unrest become common. When this happens, some industries are nationalised, private property may be seized or destroyed, normal business operations may be suspended and the workforce may go on strike.

Question 17

Which of the following is a potential threat to conducting business in industrialised countries?

Option 2 is the correct answer.

The prescribed book mentions that when conducting business in the industrialised economies, the most prevalent potential threats to a firm are labour disruptions and price controls.

Question 18

As a result of the elimination of the tariff on imports from the partner country, trade diversion involves a shift in consumption from...

Option 2 is the correct answer.

The theory of trade diversion suggests that consumption shifts from the efficient producer to the less efficient producer, the former becoming more expensive owing to the costs of the tariff and the latter becoming cheaper because of the elimination of the tariff.

Question 19

Which of the following is an explicit advantage of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) for the member nations?

Option 4 is the correct answer.

Aregbeshola et al (2011:11) mention that the IOR-ARC is one of the largest and potentially most attractive of the regional blocs that have emerged since the end of the Cold War because, among other explicit advantages, it encompasses a set of wider concerns beyond trade and investment facilitation, which are shared by the states of the Indian Ocean Rim.

Question 20

One of the economic and business implications of honesty as a value attribute is that it facilitates...

Option 1 is the correct answer.

The prescribed textbook and the literature in the field of relationship marketing show that the existence of trust and close cooperation between manufacturers and suppliers can lower costs and risks, improve efficiency and productivity and, ultimately, lead to a sustainable competitive advantage.

3. CONCLUSION

It is important to review the feedback in this tutorial letter and compare it with the answers you supplied. In addition, as part of your examination preparation, you are advised to incorporate this feedback into the material in your prescribed textbook and Tutorial Letters 501 and 502, which were supplied to you instead of the study guide. The extent to which you are able to integrate all this information will determine how much you will benefit in your preparation for the examination.

I wish you success in your studies.

LA Ntiso

Department of Business Management

Unisa



Tutorial Letter 202/3/2013

Global Business Environments

MNI301J


Semesters 1 & 2

Department of Business Management

IMPORTANT INFORMATION:

This tutorial letter contains answers to Assignment 02

BAR CODE



Contents

1	INTRODUCTION	2
2	FEEDBACK ON ASSIGNMENT 02	3
3	CONCLUSION.....	9

1 INTRODUCTION

This tutorial letter provides feedback on Assignment 02, which was included in Tutorial Letter 101/2013. You will need to study the contents of this tutorial letter carefully as it provides you with valuable insight into how to answer the assignment questions. This feedback will also assist you with your examination preparation.

This assignment consisted of 20 questions.

As mentioned in Tutorial Letter 101, Assignments 01 and 02 are compulsory assignments. It is therefore crucial that you consider these assignments as important learning opportunities. Consequently, you are expected to integrate the information presented in this tutorial letter with the answers you supplied. The process of evaluating these answers (your answers and the feedback to the assignments) will give you an indication of your level of understanding of the material and will be able to note any areas that require improvement. The explanations regarding the correct options should be seen as a guideline only, and not as an academic prescription (model answers). Your individual opinions, in line with the suggested answers, should also be considered and, possibly, discussed with your lecturer in order to facilitate a better learning experience and practical competence in this field of study.

2 FEEDBACK ON ASSIGNMENT 02

Question 1

According to the prescribed book, which firm should have a competitive advantage over the rivals?

Option 1 is the correct answer.

According to the prescribed book, the firm that manages the costs and risks related to cultural differences between countries better than its competitors should have a competitive advantage over its rivals in the global market place.

Question 2

Which of the following reasons for trade barriers originates from the country enjoying full legal status through which it formulates its own policies and regulations, establishes institutions and adjudicates matters?

Option 4 is the correct answer.

Aregbeshola et al. (2011: 189) contends that the a sovereign state enjoys full legal status through which it formulates its own policies and regulations, establishes institutions and adjudicates matters because it is independent and free from external control.

Question 3

Main drawback of the Ricardian theory of comparative advantage is that:

Option 3 is the correct answer.

Ricardian theory asserts that labour is the only relevant factor of production and that there is no possibility for FDI, as such, this theory fails to explain spillovers from technology through FDI, (Aregbeshola et al., 2011: 203).

Question 4

Which competency requires managers to have an integrated approach to the world and looking for opportunities in one country that can be leveraged across operational network?

Option 1 is the correct answer.

In distinguishing between traditional and global mind-sets, Aregbeshola et al., (2011: 244), mention that managers with a global mind-set would always drive for a broader picture and engage in processes, values diversity and flows with change while keeping a balance of contradictions and learns globally.

Question 5

A firm that uses a worldwide product structure with a predominantly ethnocentric staffing policy is said to be following which strategy?

Option 4 is the correct answer.

The (Aregbeshola et al., 2011: 258) details that, to allow for the effective transfer of core competencies and overcoming a lack of qualified managers in the host nation, international strategy allows the firm to use a worldwide product division structure with a predominantly ethnocentric staffing policy.

Question 6

Which of the following is considered a disadvantage of strategic alliance?

Option 1 is the correct answer.

Aregbeshola et al., (2011: 64) states that the one of the shortfalls of strategic alliance is that partners may face a challenge of incompatible management styles, organisational cultures and control systems which may lead to conflicts.

Question 7

Looking at the importance of and relationship between organisational and operational strategy, the strategic role and value of foreign manufacturing allows for:

Option 3 is the correct answer.

According to Aregbeshola et al., (2011: 283), a global manufacturing strategy, allows for the development of expertise and capabilities in the foreign location that results over time from global learning.

Question 8

Upon using foreign suppliers for component manufacturing, the organisation must consider all of the following **EXCEPT** _____.

Option **2** is the correct answer.

Aregbeshola et al., (2011: 296) suggests that the organisation that outsources foreign suppliers for components required for assembly or for finished products, should always consider minimising risk by obtaining relevant insurance cover for itself not for the overseas manufactures.

Question 9

Multinational financial management is based on two models, namely the corporate wealth maximisation model and the shareholders' wealth. Which of the following statements best favours the former at the expense of the latter?

Option **4** is the correct answer.

According to Aregbeshola et al., (2011, 304), the corporate wealth maximisation model, stresses the wealth of the corporate where shareholders constitute only one of many of the company's interest groups or stakeholders, being the model that is based on total risk and not concerned with efficient markets.

Question 10

Why would the decline of the currency have no effect on the local deposit and purchasing power in local market, yet have a negative effect on the MNEs ownership shares in terms of translation exposure?

Option **2** is the correct answer.

The perceived negative effect of the decline of the currency on the company's earnings as a result of translation could lead to a decrease in its share price in stock market and as a result affect the firm's market value even though the local deposit or its purchasing power in the host country would not be affected (Aregbeshola et al., 2011: 212).

Question 11

“When considering global manufacturing and the other functions and activities, we need to first contextualise these functions and activities in an operational context where inputs are transformed into outputs”. The following are the activities involved in transforming inputs into outputs **EXCEPT** _____.

Option **4** is the correct answer.

According to Aregbeshola et al., (2011:278), transformation of inputs into outputs in global manufacturing is best explained in terms of value chain process which includes from resources from suppliers, transformation process and reliable distribution to the consumable people.

Question 12

Suppose a South African company had trade agreement with one of the Gulf (oil-rich) countries about three year ago, for the next five years. Looking at the current value of rand (ZAR) and the crude oil prices, which of the following strategic combination would you suggest for the South African to have considered three years ago?

Option **2** is the correct answer.

In order to minimise the risk related to foreign exchange fluctuations, South African would best use currency forward contracts which allows the company to buy or sell at the exchange rate agreed upon three years ago and combine this with currency option as the buyer is not obliged to exercise the option if it is out of the money and hence the buyer cannot lose more than the premium paid for the option (Aregbeshola et al., 2011: 315 – 316).

Question 13

Which of the following IS NOT a requirement of the IFRS mandatory disclosure about the company formation?

Option **1** is the correct answer.

The literature on global financial management agree that companies have a mandatory requirement to disclose information on financial statements comprising of income statements, balance sheets, cash flows and statement of shareholders' equity, disclosure on corporate

social responsibility and others above these, are considered to be voluntary (Aregbeshola et al, 2011: 331).

Question 14

The Eclectic Paradigm or the Ownership-Location-Internationalisation's (OLI) framework of John Dunning compares the rationale for adopting various entry modes by a multinational enterprise. Using the framework, which ONE of the following entry modes should be adopted by a firm that is concerned with absolute control over resources and technology?

Option 1 is the correct answer.

The theory of Eclectic Paradigm of John Dunning underlines that a firm that has only ownership advantages can choose any of three options: exporting, licencing and FDI however if the firm is concerned with absolute control over resources and technology which entails all advantages of internationalisation, internalising as well as ownership, must adopt Foreign Direct Investment entry mode (Aregbeshola et al., 2011: 206).

Question 15

Which ONE of the following is a function of investment promotion agencies?

Option 1 is the correct answer.

According to Aregbeshola et al., (2011: 215), investment promotion agencies have a role of image building through advertising and good public relations and investment generation which aims to create investments leads by identifying potential sectors and investors through investor forums.

Question 16

Development and operation of a global mind-set with more tolerant of other people and cultures as well as capacity to manage uncertainty and ability to balance tensions attribute to which of the following?

Option 3 is the correct answer.

Aregbeshola et al., (2011: 230) highlights that international leadership identifies with global mind-set that is more tolerant of other peoples and cultural diversity thrive on ambiguity,

balance and contradictory forces as well as emotional connection and capacity for managing uncertainty.

Question 17

Which ONE of the following IS NOT a motivation to privatise national assets?

Option 4 is the correct answer.

Privatisation is the incidence of transferring ownership of a business or enterprise or agency from public sector (government) to the private sector (business). Some of the motivations for embracing privatisation include: improving enterprise efficiency and performance, developing a competitive industry that serves consumers well, facilitates access to capital helps in broadening and deepening capital markets and helps in securing the best price possible for the sale of public assets. However “creating state-supported competition in the domestic market” as option three shows, is none of the motivations.

Question 18

Which of the following lends credence to Africa’s socio-political and institutional performance as a result of leadership notoriousness for long tenure?

Option 4 is the correct answer.

According to Aregbeshola et al., (2011:252), governance is based on a system of patronage and personal accumulation with devastating economic consequences. Due to leadership notoriousness for long tenure and poor governance, African countries have been plagued by political instability and kleptocratic dictatorship that lead to mismanagement

Question 19

A high inflation rate triggers an increase in interest rates, which of the following best explains why?

Option 2 is the correct answer.

Differences in national inflation rates are a main cause of changes in the relative prices of goods and services in a country. The prices changes are the major cause or adjustments in exchanges rates where country’s inflation rate is believed to be a function of the growth in the money supply. According to Aregbeshola et al. (2011:179), the Fisher effect theory

establishes the relationship between inflation and interest rates. The theory follows that an increase in expected inflation will tend to increase the nominal interest rates. Flowing from the on-going, the main reason why interest rates are raised is to discourage consumption, thereby pulling inflation back to equilibrium.

Question 20

Which one of the following best describes the international competitive strategy where decisions are made at the parent firm level as well as in the subsidiaries as circumstances allow?

Option **3** is the correct answer.

To succeed in the dynamic and competitive global business environment, firms need to adopt viable strategies that will permit a competitive advantage. According to Aregbeshola et al., (2011: 256), a firm that adopts a globally integrated systems and networking approach to strategic decision making and encourages multiculturalism and global learning, is following a geocentric orientation which permits for decisions to be made at the parent firm level as well as in the subsidiaries as circumstances allow.

3 CONCLUSION

It is important to review the feedback in this tutorial letter and compare it with the answers you supplied. In addition, as part of your examination preparation, you are advised to incorporate this feedback into the material in your prescribed textbook and Tutorial Letters 501 and 502, which were supplied to you instead of the study guide. The extent to which you are able to integrate all this information will determine how much you will benefit in your preparation for the examination.

I wish you success in your studies.

L. A. Ntiso

Department of Business Management

Unisa