

Tutorial Letter 102/3/2018

Global Business Management MNB3702

Semester 2

Department of Business Management

This tutorial letter contains important information about your module.

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1 INTRODUCTION

It is our pleasure to welcome you to the module: Global Business Management, (MNB3702) for the 2018 academic year. We hope and trust that you will find this module interesting, inspiring and enlightening. It must be noted that the original Tutorial letter 101 contained questions for both the first and the second semesters assignments. However, the department took the decision to replace those assignments because of the conspicuous inherent construct and contextual errors that pervaded those assignment questions.

2 PURPOSE OF THIS TUTORIAL LETTER

The purpose of this tutorial letter is to present new set of assignments in replacement of both assignments 01 and 02 for this (second) semester. To that extent, the assignments contained in this tutorial letter ultimately replaces the set of assignments contained in Tutorial letter 101. By implication, no reference would be made to the assignments contained in Tutorial letter 101, but rather, those contained in this tutorial letter (102). This said, however, please note that the unique numbers remain the same with the one contained in Tutorial letter 101 – so also are the assignment due dates and the instructions on how to respond to the assignment questions.

3 ASSIGNMENT NUMBERS AND DUE DATES

This tutorial letter contains two compulsory assignments – assignments 01 and 02. Assignment 01 assumes the form of multiple choice questions (MCQ), while assignment 02 is an essay-type assignment. There are thirty (30) questions in assignment 01 which carries a total mark of 30, while the three (03) essay-type questions in assignment 02 carries 70 marks in total. Kindly note that these assignments are **COMPULSORY** and you are required to answer all the questions in

both assignments. The unique numbers of the assignments and the due dates are presented in the Table below for easy reference:

Semester 2		
Assignment number	Unique number	Due date
01	703283	24 August 2018
02	711502	19 September 2018

3.1 The assignments

SEMESTER 2: ASSIGNMENT 01

This assignment consists of 30 multiple-choice questions that cover various chapters of the prescribed book. You may require additional resources to complete the assignment, essentially given that some of the assignment questions are practical-orientated.

Question 1

Cross-cultural mentorship is most compatible with which of the following strategic orientation of MNCs?

1. A polycentric orientation.
2. An ethnocentric orientation.
3. A geocentric orientation
4. A regiocentric orientation.

Question 2

The complete assimilation of German-Americans (cultural superiority), as the largest ethnic group, into American culture, reflects which aspect of cross-cultural literacy?

1. Ethnocentricity.
2. Polycentricity.
3. Geocentricity.
4. Regiocentricity.

Question 3

“There is a need for business leaders with vision and compassion, as well as business leaders with drive, knowledge and perspective to lead enterprises through many challenges they face in Africa.” All of this points to the qualities of “global leaders”. The following are qualities of a global leader, EXCEPT:

1. the maintenance of a “world-orientation” that allows one to see things others do not;
2. an aptitude to influence government leadership, in the interest of transforming Africa;
3. the ability to be open to new experiences, diversity across cultures and markets and to change over time;
4. An aptitude to discover new markets and to establish a presence in key markets so as to secure competitive advantage.

Question 4

MNCs’ ignorance of religious traditions and differences may end up:

1. promoting worldly gain and temporal power in an Islamic state.
2. underestimating the impact of consumerism on an Islamic states’ command economy.
3. exacerbating social stratification in the context of the caste system.
4. undermining the tenets of the labour market in the host country.

Question 5

All of the following are prominent skills expected of a global manager, in exception of:

1. cultural self-awareness;
2. cultural intelligence;
3. strong adaptability;
4. Professional etiquettes.

Question 6

“Despite government’s ultimate adoption of the National Development Plan (NDP), with its pragmatic business-friendly suggestions on how to spur economic activity, nothing of note has happened.” What is needed is a global leader. A global leader reflects which ONE of the following personal traits?

1. Societal-culturalism skills.
2. Cross-cultural literacy.
3. Righteous moralism.
4. An ability to manage complexity.

Question 7

Which of the following best describes emotional intelligence?

1. Ability to act wisely and strategically in the face of adversity.
2. Ability to shoulder responsibilities during crises periods in an organisation.
3. Ability and competence to differentiate between dedication and dereliction.
4. Ability to differentiate between good and bad employees and to apply punitive measures appropriately.

Question 8

It is suggested that a good command of second language, especially the official communication language in the host market, would boost the propensity of a global leader to succeed. Which of the following options best describes this scenario?

1. Second language boosts the morale of the global leader.
2. Second language improves the skills of the global leader.
3. Second language enhances cross-cultural affiliation.
4. Second language places the global manager at an undue advantage.

Question 9

Friedman doctrine of profit maximisation “at all cost” is one of the major points of divergence between the owners of capital and social actors. Which one of the following considerations should be advanced to appease the anti-globalisation campaigners?

1. The reality that the rich must always get richer because investment capital is not cheap.
2. The doctrine of equality before the law and proposition for equal share to national wealth.
3. The reality that operating costs does determine the sustainability of a firm and its continued ability to generate employment.
4. The reality that operating costs are forever increasing and labour movement should sometimes volunteer to advance the cause of national productivity.

Question 10

Prominent traditional sources of competitive advantage revolve around cost minimisation and differentiation strategies. Which of the following best describes the motivation for adopting either of these strategies?

1. Superior quality products and above-average profitability.
2. Sustainable competitive advantage.
3. Optimal profitability through sales.

4. Optimisation of operational efficiency and brand identity.

Question 11

Learning curve and experience curve economies are cardinal to attaining economies of scale and scope. Which of the following is a critical component of location economies?

1. Optimal production facility.
2. Efficient production processes.
3. Abundance of critical resources.
4. Abundance of raw materials and good leadership.

Question 12

The purpose of a country's prevailing political and economic philosophy is to:

1. crystallise the country's poverty levels.
2. highlight the structural causes of downward mobility.
3. pin-point the role of race and ethnicity in job creation.
4. determine the kind of economic systems that a country should implement.

Question 13

The role of exchange rate differentials is:

1. to guide governments in the implementation of economic policy.
2. to discourage the "buy local" principle with certain businesses.
3. encourage imports and discourage exports.
4. ensure the access to critical imports at a reasonable exchange rate.

Question 14

Import permits serve to:

1. increase government intervention in trade and economic matters.
2. increase the costs of exports, which discourages exports.
3. implement trade barriers in an arbitrary way.
4. discourage imports through administrative measures

Question 15

The difference between subsidies and quotas is that:

1. quotas are aimed at overcoming market imperfections, while subsidies are a source of governmental revenue;
2. subsidies are calculated as a percentage of the value of the item being subsidised whereas a quota involves a tax levied on goods being shipped out of a country;
3. quotas are designed to restrict the amount of goods or services that can be imported into a country over a designated period by contrast, subsidies constitute payments made by government for the benefit of domestic manufacturers;
4. subsidies represent an aggregate duty on more than one product, quotas in turn, are arbitrarily used to determine the value of goods entering a country.

Question 16

An assessment of the corporate financial performance is one key determinant whether a host country has market growth potential. In order to do this, which of the following methods of analysis can an MNC adopt?

1. GDP.
2. Inflation.
3. Foreign exchange differentials;
4. Interest rates.

Question 17

The concept of national productivity gains refers to:

1. government's economic policies;
2. labour pricing and wealth creation;
3. the doctrine of capitalism;
4. Cobb - Douglas's production function.

Question 18

When two or more companies share ownership of an FDI initiative, the operation is known as:

1. licensing.
2. a joint venture.
3. a turnkey project.
4. contract manufacturing.

Question 19

Transfer pricing involves:

1. establishing the potential of two countries' currencies to buy the same amount of goods and services in the countries under consideration;
2. the pricing of goods and services that are transferred between subsidiary members of a parent company (MNC);
3. the translation of foreign-currency financial statements into the reporting currency of the parent company;
4. determining the impact of exchange rate changes on future cash flows of an MNC.

Question 20

Global supply chain management invariably takes place when MNCs:

1. follow a vertical integration strategy;
2. manufacture products with selectively sourced materials;
3. engage foreign suppliers for the procurement of components required for assembly;
4. need to manage distribution in the supply chain.

Question 21

A company that believes in a culture that enables the best people to do the best work, despite the impact of competitive forces, needs leaders who will facilitate this process. What sort of leadership traits are regarded as indispensable for this purpose?

1. A predisposition for building globally distributed teams, whose members will interact electronically, across borders, but who will have infrequent personal contact.
2. An ability to adapt their leadership styles and values to a changing business environment
3. The ability to consolidate large, international acquisitions.
4. A predilection for managing and maintaining a global supply-chain capability.

Question 22

For a multinational enterprise that has entered the phase of overseas manufacturing, what does contract manufacturing entail?

1. The foreign producer produces and sells the company's product in the local market.
2. The local producer produces and sells the company's product in the foreign market.
3. The local producer produces and sells the company's product in the local market.

4. The foreign producer produces and sells the company's product in the foreign market.

Question 23

National competitive advantage is driven by an analysis of both supply-side and demand-side behavioural economics. Which ONE of the following is NOT applicable in this regard?

1. Financial weight.
2. Income level.
3. Household consumption patterns.
4. Natural resource mobility.

Question 24

Emotional intelligence is pivotal to global leadership, due to the following reasons, EXCEPT:

1. The need to be emotionally aware of what is going on in other people's minds.
2. The need for self-awareness, empathy and integrity.
3. The need to drive collective emotions in a positive direction.
4. The need to motivate, encourage and antagonise subordinates.

Question 25

The main objective in achieving a sustainable national competitive advantage is:

1. wealth creation and poverty alleviation;
2. profit maximisation and wealth creation;
3. human development and poverty alleviation;
4. profit maximisation and political stability.

Question 26

In order to attain a sustainable national attractiveness, the following factors need to be assessed, except:

1. natural and financial resources;
2. human capital and status of middle class;
3. income levels and level of income disparity;
4. technological capabilities and political economy.

Question 27

When using the EPICS framework for assessing supply chain readiness for global operations, the politics dimension takes the following into account, EXCEPT:

1. ease of doing business
2. risk of political stability.
3. intellectual property rights.
4. labour relations.

Question 28

South Africa's political economy has been criticised internationally. This underscores the importance of a country's political economy inasmuch as:

1. a country's political economy reflects its GNI per capita;
2. it encapsulates those economic activities, that take the form of unrecorded cash transactions;
3. it stresses the interdependence of a country's political, economic and legal systems;
4. it portrays a country's policy uncertainty and prospects of nationalisation.

Question 29

There are several foreign market entry strategies that an MNC can employ, when venturing overseas. Which one of the following strategies should be adopted by a firm that is concerned with absolute control over resources and technology?

1. Franchising.
2. Brownfield.
3. Greenfield.
4. Exporting.

Question 30

South African companies operating in the fast food industry and who are planning to expand into West Africa, have been deterred by the outbreak of the Ebola disease. Amongst others, the impact of Ebola on West Africa's shrinking GDP, has led to a freeze on expansion plans. If these companies decide, at a later stage, to enter one or more of these countries, which "foreign market" entry mode would probably be the most suitable in these circumstances?

1. An export business plan, so as to catalyse the use of exports for this purpose.
2. Collaborative agreements, with host country partners.
3. Licensing.
4. Franchising.

TOTAL FOR ASSIGNMENT 01

[30 MARKS]

SEMESTER 02: ASSIGNMENT 02

Assignment 02 consists of three essay-type questions covering the entire syllabus. You are required to work through both your textbook and the study guide as you answer these questions.

Kindly, refer to section 8.3, in this tutorial letter for details on the required format for answering essay-type questions.

You are, also, encouraged to read beyond the parameters of this material in order to broaden your perspectives on the subject. Remember, this forms a pivotal part of your preparation for the forthcoming semester examination.

Question 1

“Global leaders and managers are expected to lead and manage a diverse workforce. In order to do so, there are number of initiatives that can be implemented in organisations”.

- 1.1 Identify and discuss the most important initiatives. The use of practical examples will earn more marks. (13 marks)
- 1.2 Fully explain the concepts “diversity” and “workforce diversity” (12 marks)

[Total:25 marks]

Question 2

- 2.1 Identify and discuss seven global leadership skills required to excel in multinational operational environments. (7 marks)
- 2.2 Differentiate between the polycentric and geocentric strategic orientations of MNCs. (8marks)
- 2.3 Identify and discuss Hofstede’s cultural dimensions including time orientations. (10marks)

[Total:25 marks]

Question 3

Firms can choose between different types of foreign entry modes. Critique each of these approaches and motivate the preference of one over the other. You are required to use extensive practical examples.

[Total: 20 marks]

TOTAL FOR ASSIGNMENT 02

[70 MARKS]

4. GROUP DISCUSSION CLASSES

There will be group discussion classes organised for this module, but only on the Muckleneuk Campus in Pretoria, as well as at the regional centres in Durban and Cape Town. The regions are selected based on the historical number of registered students. The dates for the discussion classes will be announced as soon as all arrangements are concluded. Kindly endeavour to attend these discussion classes as they will afford you face-to-face opportunity with your lecturer, and create an atmosphere for robust engagement.

5. CONCLUSION

This Tutorial Letter contains information on the replacement assignment for those contained in Tutorial Letter 101. The tutorial Letter also suggests our intention to organise regional tuition visits in order to enrich your learning experience in this module. Kindly read through the tutorial letter carefully and fully comprehend the content. We wish you the very best in your career pursuit.

Your lecturer in Global Business Management.

Department of Business Management

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