Tutorial Letter 101/3/2018

Principles of Global Business Management

MNB3701

Semesters 1 and 2

Department of Business Management

IMPORTANT INFORMATION:

This tutorial letter contains important information about your module.
1 INTRODUCTION

It is our pleasure to welcome you to the module: Principles of Global Business Management, (MNB3701) for the 2018 academic year. We hope and trust that you will find this module interesting, inspiring and enlightening.

2 PURPOSE AND OUTCOMES

2.1 Purpose

The purpose of this tutorial letter is to introduce you to the principles of global business management. This module covers the processes involved in identifying international business opportunities, and how to exploit the same in a strategic manner. It is a module that prepares potential global managers for the challenges of operating internationally.

2.2 Outcomes

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

- Define the concepts of globalisation and global business, identify and explain the drivers of globalisation and the merits as well as the implications of globalisation for international business operations. Further explain the characteristics of global business operations and the implications of globalisation for global business management.
- Explain the structure of the global business environment and analyse its various components for informational inputs as a basis for deciding on and managing cross-border business operations.
- Explain the global monetary system and the role of the International Monetary Fund (IMF), the foreign exchange market and global capital markets in the context of international business, the latter with an extensive Africa orientation.
- Explain the fundamentals and importance of global business management, the theories and practices of international trade and investment, and the role of regional economic integration in enhancing global business endeavours.

3 LECTURER(S) AND OTHER CONTACT DETAILS

3.1 Lecturer(s)

The details of the lecturers responsible for this module are as follows:

Name: Ms L Ntiso
Email: ntisola@unisa.ac.za
Physical Address: AJH van der Walt Building, Office number 4-22, Muckleneuck Campus,
1 Preller Street, Pretoria

Kindly be aware that the mode of contacting your lecturers for this module is preferably by e-mail.
LECTURER AVAILABILITY

The lecturer for this module will be available to take phone calls on academic matters and/or to attend to students who may prefer to visit personally for academic engagement. However, the days and times of the lecturer’s availability will be communicated in the module page on myUnisa. These days and times are subject to change from time to time in order to accommodate the lecturer’s work schedule and other commitments. The changes on the days and times will be communicated by the lecturer in advance through the announcement option on myUnisa as and when this happen. Students are advised to check the module page on myUnisa before making phone calls or visiting the lecturer’s office for academic enquiries/engagements.

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 busman@unisa.ac.za. However, note that your queries will only be attended to during office hours.

3.2 Department

Administrative queries may be directed to the appropriate department as indicated in the my Studies @ Unisa brochure, which you received with your study package. Examples of administrative queries are registration matters, study material matters, account queries, examination queries, and graduation issues.

Please note the following contact details for the Department of Business Management: Telephone number: +27 12 429 4220
Email address: busman@unisa.ac.za

3.3 University

If you need to contact the university about matters not related to the contents of this module, please consult the brochure, my Studies @ Unisa, which you received with your study material. This brochure contains information on how to contact the university (to whom you can write for different queries, important numbers, addresses and details of the times certain facilities are open). Always use your student number when you contact the university.

Consult the table on the following page for general administrative enquiries:
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<th>Directorate/Business</th>
<th>Description of Service</th>
<th>Short SMS</th>
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<td><a href="mailto:myLifeHelp@unisa.ac.za">myLifeHelp@unisa.ac.za</a></td>
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4 RESOURCES

4.1 Prescribed books
You will not be able to study and successfully complete this module without the prescribed book. You must acquire the following prescribed book from one of the official Unisa bookstores:


4.2 Recommended books
There are no recommended books for this module.

4.3 Electronic reserves (e-reserves)
There are no electronic reserves for this module.

4.4 Library services and resources information
For brief information, go to [www.unisa.ac.za/brochures/studies](http://www.unisa.ac.za/brochures/studies)

For detailed information, go to [http://www.unisa.ac.za/library](http://www.unisa.ac.za/library). For research support and services of personal librarians, click on "Research support".
The library has compiled a number of library guides:

- finding recommended reading in the print collection and e-reserves
  http://libguides.unisa.ac.za/request/undergrad
- requesting material – http://libguides.unisa.ac.za/request/request
- postgraduate information services – http://libguides.unisa.ac.za/request/postgrad
- finding, obtaining and using library resources and tools to assist in doing research
  http://libguides.unisa.ac.za/Research_Skills
- how to contact the library/finding us on social media/frequently asked questions –
  http://libguides.unisa.ac.za/ask

4.5 Tutorial offerings at Unisa

Please be informed that Unisa offers online tutorials (e-tutoring) to students registered for modules at
NQF levels 5, 6 and 7, which means qualifying first year, second year and third year modules.

Once you have been registered for a qualifying module, you will be allocated to a group of students with
whom you will be interacting during the tuition period, as well as an e-tutor who will be your tutorial
facilitator. Thereafter, you will receive an SMS informing you about your group, the name of your e-tutor
and instructions on how to log on to myUnisa in order to receive further information on the e-tutoring
process.

Online tutorials are conducted by qualified e-tutors who are appointed by Unisa and are offered free of
charge. All you need to be able to participate in e-tutoring is a computer with Internet connection. If you
live close to a Unisa regional centre or a telecentre contracted with Unisa, please feel free to visit any of
these to access the Internet.

E-tutoring takes place on myUnisa. It is the role of the e-tutor to guide you through your study material
during this interaction process. For you to get the most out of online tutoring, you need to participate in
the online discussions that the e-tutor will facilitate.

Students have been found to repeatedly fail particular modules. These modules have been allocated
face-to-face tutors and tutorials for these modules take place at the Unisa regional centres. As previously
mentioned, these tutorials are also offered free of charge. However, it is important for you to register at
your nearest Unisa Regional Centre to secure attendance of these classes.

5 STUDENT SUPPORT SERVICES

Student support for the module as regards academic content is given mainly by the module lecturer via
email, phone and the myUnisa discussion forum. The details of other forms of student support are
included in the brochure, my Studies @ Unisa, which you received with your study package.
5.1 Predatory tuition providers
Please be aware that there are tuition providers who will contact you to assist you with your modules. These providers may not have the necessary expertise to assist you and will charge you a lot of money. We would like to advise you that they are NOT linked to Unisa and we would like to urge all students NOT to use their services.

6 STUDY PLAN
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. Therefore, it is advisable that you devote at least two hours per day to reading and summarising the module content. You would also need to be able to apply the concepts learned in this module in a practical manner.

7 PRACTICAL WORK AND WORK-INTEGRATED LEARNING
There is no practical work or work integrated learning for this module.

8 ASSESSMENT
8.1 Assessment criteria
The university has a policy of compulsory assignments for all modules for 2018. Both Assignments 01 and 02 for MNB3701 are compulsory. To gain admission to the examination you must submit Assignment 01. You will gain examination admission purely by submitting the assignment and not on the strength of the mark that you obtain for it. Failure to submit Assignment 01 will mean that you will not be admitted to the examination, regardless of whether you have submitted Assignment 02. Formative assessment for MNB3701 takes place through a year-mark system. As already mentioned, Assignments 01 and 02 are compulsory. You will be awarded a mark for Assignment 01 and a mark for Assignment 02. Assignment 01 will contribute 30% and assignment 02, will contribute 70% of your year mark. Your final assessment mark for this module will therefore be a combination of the assignment marks and the examination mark. Irrespective of the year mark you receive, you must obtain a subminimum of 40% in the examination. You will therefore not pass the module if your examination mark is less than 40%. Please study the following examples to see how the assignment mark will contribute to the final assessment mark.

Example 1
If you receive an assignment mark of 50% in total, this mark will be multiplied by 0.2 which equals 10% 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 0.8 which equals 40% of the final assessment mark. Your assignment mark and examination mark are then combined (10% + 40%) to give you a final assessment mark of 50% for the module.
Example 2
If you obtain an assignment mark of 60% in total, this mark will be multiplied by 0.2 which equals 12% of the final assessment mark. If you then obtain 44 out of a possible 70 marks (or 62.9%) in the examination, this figure is multiplied by 0.8 which equals 50.3% of the final assessment mark. Your assignment mark and examination mark are then combined (12% + 50.3%) to give you a final assessment mark of 62.3% for the module.
You will need a final mark of at least 45% in order to qualify for a supplementary examination, and a minimum mark of 50% to pass the module.

8.2 Assignment numbers and due dates
Kindly adhere to the respective due dates as indicated in the table on the following page. You will not be admitted to the examination if an assignment is submitted after the due date. Kindly do not phone us with a request to be admitted to the examination if you have not submitted an assignment, or if you submitted it later than the due date.

The relevant assignment numbers and due dates are provided in the table on the following page. Please make sure that you fill-in the correct assignment numbers and adhere to the due dates.

<table>
<thead>
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<th>Semester 1</th>
<th>Semester 2</th>
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<td>Assignment number</td>
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<td>855405</td>
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<tr>
<td>02</td>
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8.3 Submission of assignments
Please note that the assignments for Semester 1 differ from those for Semester 2. It is your responsibility to ensure that you submit the correct assignment for your semester of enrolment. If you submit an assignment for the wrong semester of enrolment, it will not be marked and you will receive a mark of zero (0) for it. The main purpose of the assignments is to encourage you to study the prescribed book, to read through certain sections over and over again, and to think about the study material in terms of its practical application.

For general information and requirements as far as assignments are concerned, see the brochure my Studies @ Unisa, which you received with your study material.
To submit assignments via myUnisa

Go to http://my.unisa.ac.za
Log in by using your student number and password
Select the programme and the module
Click on “Assignments”
Click on “Submit Assignments” Follow the instructions

Format of essay-type assignments:
Kindly incorporate the following when preparing the essay-type assignments:
• The final document should be in PDF format.
• The final document should NOT be password protected.
• Make use of: Arial 12” Font with 1.5 line spacing.
• All margins should be 1’ and the page layout should be “portrait”.
• Make use of a table of contents and a bibliography.
• Each question should be answered on a new page.
• Make sure that the document has been submitted electronically on myUnisa.
• Keep a copy of your assignment before you submit the original.
• Make use the Harvard referencing method in your assignments to refer to sources you have consulted. If you do not include in-text references and a bibliography you will be guilty of plagiarism.

8.4 Plagiarism
Plagiarism is the act of taking the words, ideas and thoughts of others and passing them off as your own. It is a form of theft and involves a number of dishonest activities. Examples of plagiarism include copying from the prescribed textbook or any other source, or copying from fellow students and passing off their work as your own work.

All students receive the Disciplinary Code for Students (2004) when they register. You are advised to study the Code, especially sections 2.1.13 and 2.1.14 (2004:3-4). Kindly read the University’s Policy on Copyright Infringement and Plagiarism as well.

Note: Although students may work together when preparing assignments, each student must write and submit his or her own individual assignment. In other words, you must submit your own ideas in your own words, sometimes interspersed with relevant short quotations that are properly referenced. It is unacceptable for students to submit identical assignments on the basis that they worked together. That is copying (a form of plagiarism), and none of these assignments will be marked. Furthermore, you may be penalised or subjected to disciplinary proceedings by the University.
8.5 The assignments
SEMESTER 01: ASSIGNMENT 01
This assignment consists of 30 multiple-choice questions that cover various chapters of the prescribed book.

Question 1

Anti-free trade arguments maintain that free trade agreements can result in:

1. an incremental increase in a country’s factory employment
2. a reduction in European Union membership
3. exports exceeding imports in a country’s economy
4. the stimulation of NAFTA’s trade goals.

Question 2

Globalisation is often crystallised as “cross-border” trade and investments. But, this provides a limited perspective on what globalisation is. What, then, is globalisation?

1. Collective opposition to oppression, exploitation and injustice.
2. An attempt to achieve equilibrium in a country’s political economy.
3. It represents a shift towards a more interdependent world economy.
4. It constitutes politically influential opposition to poverty.

Question 3

“Kenya’s growth potential is a sure reflection of the high growth being experienced in East African economies”. It all points to the drivers of globalisation at work. These drivers include the following, EXCEPT:

1. Changes in the technological environment.
2. The appropriation of globalisation gains, by rich countries.
3. The region’s growing middle-class.
4. Advances in transportation technology.
Question 4

The function of GATT was to:

1. protect countries from the imposition of heavy, progressive, taxes.
2. promote dominance in global manufacturing, for member nations.
3. lower barriers to the free flow of goods, services and capital among nations.
4. help countries build a diverse economy, a democratic political system and a strong safety net.

Question 5

The primary purpose of the World Bank (WB) is:

1. encourage the economical dispersion of production activities.
2. alleviate poverty and encourage economic development.
3. monitor the partial exportation of finished products.
4. regulate international production costs.

Question 6

The Bretton Woods agreement signified the following most noteworthy achievement:

1. The demise of the fixed exchange regime.
2. The introduction of a set of rules and regulations aimed at facilitating international trade.
3. The provision of a US dollar-based monetary system: ensuring the convertibility of other currencies into the US dollar.
4. The establishment of an independently floating currency arrangement.

Question 7

In terms of contemporary currency arrangements, an independent float refers to:

1. Trade balance adjustments.
2. Pegged exchange rates.
3. Flexible rates, relative to a single currency.
4. Exchange rate determination through market forces.
Question 8

Globalisation:

1. espouses more public ownership of industry.
2. supports incentive tariffs for selected economic sectors.
3. promotes "local content" preferences for certain industries.
4. encourages market integration and WTO and IMF activities.

Question 9

National competitive advantage is determined through a combination of four broad attributes in the domestic environment, in which organisations compete. These attributes are often referred to as the so-called Porter’s diamond of national competitive advantage. Which ONE of the following is NOT a determinant in this regard?

1. The conditions of available resources in the domestic economy.
2. The state of domestic industries and the operational synergy that subsists between them.
3. The demand position of the country.
4. Firm strategies, structures and rivalry within the domestic economy.

Question 10

“Anti-globalisation protests are escalating at an alarming rate. The recent violence and chaos that descended on the G20 summit in Hamburg, Germany, confirms this”. What, is the principal rationale motivating the protest action of anti-globalists?

1. To foster the entrenchment of a more integrated and interdependent global economy.
2. It’s aversion to the selective application of global, capitalistic imperialism.
3. It’s conviction that “globalisation” is not working.
4. It’s opposition to the reduction of cross-border tariffs.
Question 11

A Zimbabwean oil company is persisting with operations although they are polluting the local water resources. The company will be faced with serious ethical consequences if they persist with their operations. Which theory of business ethics would be applicable?

1. Cultural relativism.
2. Friedman’s doctrine of ethics.
3. The naïve immoralist.
4. Utilitarian ethics.

Question 12

Multinational mining companies have on occasions, violated the expectations of their immediate communities. Failure to meet the moral expectations of some of its stakeholders holds the following ethical implications.

1. A vindication of the ethics theory of “cultural relativism”.
2. The vitiation of the philosophical approaches to business ethics.
3. The justification of the Utilitarian approaches to ethics.
4. The application of Rawl’s “veil of ignorance” to business ethics.

Question 13

“Corporate social responsibility” hinges on:

1. NGO supporting activism in favour of repressed communities.
2. Resolving the ongoing banking crisis in the euro zone.
3. The impact of business activities on the environment and society.
4. The disclosure of financial performance information to stakeholders.
Question 14

The question of “disclosure” in corporate social responsibility reporting refers to:

1. the metrics of environmental and social performance.
2. corporate profile disclosures.
3. the disclosure of information that is beneficial to stakeholders.
4. the vindication of disclosure standards.

Question 15

“Economic freedom” is espoused by most democratic economies. Which theory(ies) of business ethics reflects the promotion of economic freedom?

1. Theories espousing the ethical dictums relating to international employment practices.
2. Theories focusing on the application of cultural relativism.
3. The Friedman doctrine of social responsibility.
4. The Utilitarian approach to business ethics.

Question 16

The difference between FDI through acquisitions versus greenfields investments is that …

1. greenfields investments are less risky.
2. acquisitions involve the procurement of valuable strategic assets.
3. greenfields investments involve merging with a jointly owned firm.
4. acquisitions invariably lead to setting up a new operation in a foreign country.

Question 17

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

1. the reinstatement of a system of fixed exchange rates.
2. being undermined by institutions in the international, financial markets.
4. the establishment of the International Monetary Fund (IMF) and the World Bank.
Question 18

The foreign exchange market is a worldwide financial market that provides the physical and institutional structure for foreign exchange transactions. The key functions of the foreign exchange market include the following, EXCEPT:

1. monitoring the operations of all the central banks across the globe;
2. the transfer of purchasing power of one currency to another;
3. the provision of credit to individuals and multinational firms globally;
4. minimising foreign exchange risk relating to cross-border trade and investments.

Question 19

Which ONE of the following statements BEST describes the concept of purchasing power parity (PPP)?

1. PPP is the relative ability of one currency to buy the same basket of goods and services in every country.
2. PPP is the relative ability of two currencies to buy the same basket of goods and services in the two countries under consideration.
3. The PPP calculation includes only the expected exchange rate at the time of survey in the two different countries that are being analysed.
4. The PPP calculation includes only the home country inflation rate without specific interest in the value of any foreign currency.

Question 20

The fact that the bilateral spot exchange rate for any two countries, should change in an equal amount, but in the opposite direction, to the difference in nominal interest rates between the two countries is referred to as:

1. the purchasing power parity;
2. the international Fischer effect;
3. law of one price;
4. expected exchange rate periods.
**Question 21**

Foreign exchange “translation exposure” refers to:

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

**Question 22**

“Currency swaps represent a more sophisticated foreign exchange (forex) instrument”. Which of the following statements is correct? A currency swap is …

1. the rate at which a forex dealer converts one currency into another currency on a particular day.
2. when two parties agree to exchange currency and execute the deal at some specific date in the future.
3. the simultaneous purchase and sale of a given amount of forex for two different value dates.
4. the practice of borrowing in one currency, where interest rates are low and then using the proceeds to invest in another currency where interest rates are high.

**Question 23**

“Mercantilism” encapsulates the international trade theory which states:

1. That nations should neither limit imports nor promote exports. Rather, it espouses the view that the market will determine which producers survive.
2. A country has a natural advantage in producing a product because of climatic conditions.
3. That export promotion should take precedence over importation in a country.
4. The need to run a favourable balance of trade in an attempt to achieve a particular social or political objective.
Question 24

Globalisation is pivotal to protectionism, because:

1. protectionism is compatible with the principles of globalisation
2. globalisation only encourages trade with developing countries.
3. protectionism reduces the power of nation states.
4. globalisation benefits developed countries through trade and investment.

Question 25

Antidumping policies are used to:

1. regulate local content requirements for domestic manufacturing purposes.
2. accommodate requests from importing countries to restrict exports to such countries.
3. redress unfair trade practices, thereby protecting domestic producers.
4. protect and promote human rights in other countries.

Question 26

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

2. Liberalised private ownership of assets.
3. The collapse of export markets.
4. Increased regional economic integration.

Question 27

The tendency to concentrate foreign production facilities in a few, choice, foreign locations, reflects the tenets of which FDI theory?

1. the internationalisation theory
2. the structural market imperfection theory
3. John Dunning’s eclectic paradigm
4. the new trade theory
Question 28

The international equity market:

1. Provides depositors and borrowers with a currency market free of government regulation.
2. Provides a source of capital for international investors, around the world.
3. Allows investors to deal in fixed-rate bonds, in return for cash payoffs.
4. Provides for the under-writing of loans through an international syndicate of banks.

Question 29

Tariff barriers are used as a protection mechanism. They do this by:

1. helping governments to encourage exports;
2. reducing the burden of manufacturing costs;
3. protecting inefficient industries who lack capacity;
4. encouraging manufacturers to “select” the right sourcing agents.

Question 30

The economic case for regional economic integration includes:

1. boosting infrastructural spending across borders.
2. reducing fiscal regulations and taxes in specific, trading countries.
3. initiatives to secure additional gains from free trade and investments.
4. preventing the relocation of jobs abroad.

TOTAL MARKS FOR ASSIGNMENT 01 [30 MARKS]

SEMESTER 01: 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. 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.

Kindly, refer to section 8.3, in this tutorial letter for details on the required format for answering essay-type questions.
ASSIGNMENT 02:

Question 1

1.1 Distinguish between the various types of globalisation. (5 marks)
1.2 Fully explain what the World Bank’s “Worldwide Governance Indicators” refer to. (12 marks)
1.3 Discuss what is meant by the concept “justice theories” as a theory of business ethics. (8 marks)

[Total: 25 marks]

Question 2

2.1 Provide 5 examples of how technologies and innovation are influencing the business world. (10 marks)
2.2 Innovation is not the only diver of competitiveness. Discuss 5 other drivers of competitiveness. (5 marks)
2.3 Discuss the need for a global information system (5 marks)

[Total: 20 marks]

Question 3

3.1 Explain fully what “transfer pricing” entails (5 marks)
3.2 Critically discuss the three types of foreign exchange exposure that a Multinational Corporation (MNC) can encounter in the foreign exchange market. (9 marks)
3.3 Contrast forward exchange contracts with foreign currency options. Provide examples to substantiate your answers. (6 marks)
3.4 Discuss the role of the capital market in an economy. (5 marks)

[Total: 25 marks]

TOTAL MARKS FOR ASSIGNMENT 02 [70 MARKS ]
SEMESTER 02: ASSIGNMENT 01
This assignment consists of 30 multiple-choice questions that cover various chapters of the prescribed book.

Question 1

Globalisation and economic openness are conducive to:

1. a reduction in income per capita;
2. increased income inequality;
3. an increase in economic and trade agreements;
4. low productivity growth.

Question 2

The following represent the forces driving globalisation, EXCEPT:

1. The liberalisation of cross-border trade and resource movements.
2. The development of services that support international business.
3. Threats to national sovereignty.
4. Growing consumer pressures.

Question 3

Anti-globalists are opposed to globalisation because of:

1. the conviction that terrorism thrives on poverty.
2. symbiotic trading arrangements between nation states.
3. the complexity of the international business environment.
4. their opposition to trade liberalisation.

Question 4

The purpose of the World Trade Organisation (WTO) is to:

1. encourage the economical dispersion of production activities.
2. promote global free trade.
3. monitor the partial exportation of finished products.
4. regulate international production costs.
Question 5

MNCs can realise location economies by:

1. ensuring cost and quality improvements in their global supply chains;
2. achieving low-cost, value creation locales, for manufacturing purposes;
3. locating all of its value-creating activities, in a single location;
4. dispersing its manufacturing and product design processes to different international locations.

Question 6

The diamond of national competitive advantage illustrates a theory that states that:

1. The location of production facilities that serve world markets is a function of the product life cycle.
2. MNC’s create new products in response to market conditions in their home market.
3. Demand and factor conditions are conducive to determining a country’s competitive advantage.
4. Differences in countries’ endowments of labour compared to land and capital, explain the differences in the cost of production factors.

Question 7

“China’s Zengzhou region is planning to develop a massive logistics hub around its airport. Clearly this is an open invitation for prospective FDI projects to be established at such a hub.” FDI initiatives earmarked for such a destination and dependent on location economies would be influenced by:

1. the availability of comparative resources at competitive prices at such a locale;
2. the extent to which it could increase its production efficiencies at such a locale;
3. the opportunities to leverage subsidiary skills;
4. the availability of government incentives.
Question 8

“Foreign direct investment comes in an environment of legislative certainty and regulatory stability, but the absence thereof constitutes a serious deterrent to FDI”.

Deterrents to FDI include the following:

1. effective bilateral trade relations with EU countries;
2. improved, host country competitiveness;
3. inadequate trade diversion opportunities;
4. growing beneficiation capacity in the host country.

Question 9

Non-compliance with “best international practices” regarding governance in a country’s financial services sector, resonates with the purpose and practice of global governance. What do you understand by global governance?

1. It is the process of developing and promoting policies to combat money laundering.
2. It involves the coercion of State Departments into complying with best practices.
3. It encapsulates international intervention, to improve a country’s modus operandi, in the absence of national sovereignty.
4. It epitomises a nation state’s preoccupation with its legislative efficiency.

Question 10

“Corporate governance” refers to:

1. the maximisation of profits to achieve corporate sustainability.
2. the channels of communication between government agencies and suppliers.
3. the provision of transparent information to stakeholders, for purposes of decision-making.
4. the regulatory scope of public-private transnational networks.
Question 11

A South African mining company is persisting with its activities in the country. They maintain that these activities are still lucrative, but, at the expense of the local community, whose health is suffering. This has serious ethical implications for a company determined to pursue “profit maximisation” at all costs. Which theory of business ethics is pertinent in this regard?

1. Cultural relativism.
2. Friedman’s doctrine of ethics.
3. The naïve immoralist.
4. Utilitarian ethics.

Question 12

Exploitation in the mining industry is renown. In South Africa the fraud and destruction perpetrated by one of the country’s notorious mining companies, with its diverse funding, raises deep, ethical concerns. These concerns are vindicated in terms of:

1. Friedman’s doctrine of ethical pragmatism.
2. The implications it holds for the provisional liquidation of the company.
3. The theory of the “naïve immoralist”.
4. The Libertarian notion of moral agencies.

Question 13

“Global governance” is a relatively new concept. It is often defined in terms of what it is not. What then is global governance?

1. It involves engaging with the BRICS’ countries.
2. It is pivotal to the transition of policies to a new government.
3. The mediation of relations between States, businesses and societies.
4. It is pivotal to the creation of a new world order.
**Question 14**

Corporate Sustainability Reporting focuses on:

1. transformational global governance.
2. Social, economic and environmental issues.
3. The management and distribution of power and resources.
4. Poverty and underdevelopment in its immediate locality.

**Question 15**

The difference between “traditional” reporting by MNCs and corporate social responsibility (CSR) reporting is:

1. traditional reporting only focuses on the regulator and business sectors of an economy, CSR reporting focuses on all sectors.
2. CSR reporting is only for inter-firm comparisons, traditional reporting cannot be used for comparison purposes.
3. traditional reporting discloses financial information, CSR reporting discloses non-financial information.
4. Traditional reporting only focuses on financial risks, CSR reporting focuses on disparities between the rich and the poor.

**Question 16**

International business ethics:

1. addresses cultural behaviour where individualism and uncertainty avoidance is strong.
2. predominantly focuses on the strawmen approaches to business ethics.
3. concentrates on unrealistic performance expectations.
4. espouses an understanding of what is good and right in business.
Question 17

The collapse of the fixed exchange rate system was due to:

1. increases in the global money supply, triggering price inflation;
2. the persistent devaluation of member country’s currencies;
3. the increased application of the Bretton Woods agreement;
4. member country’s maintenance of a balance-of-trade equilibrium.

Question 18

In the context of foreign exchange transactions, a spot transaction is:

1. the price at which a bank will buy foreign exchange from another bank.
2. the purchase of foreign exchange with settlement, to be completed within two business days, following the date of transaction.
3. when two parties agree to exchange currency and execute the deal at some specific date in the future.
4. the simultaneous purchase and sale of a given amount of foreign exchange for two different value dates.

Question 19

The primary function of the European Central Bank is to:

1. ensure lower foreign exchange costs involving single currency trading;
2. manage monetary policy so as to ensure price stability;
3. facilitate the creation of a highly liquid capital market;
4. catalyse reductions in members’ production costs.
Question 20

In a global environment of rising interest rates and high inflation, which of the following is pivotal to understanding the important relationship between exchange rates, interest rates and inflation rates.

1. The law of one price.
2. The purchasing power parity theory.
3. The international Fisher effect.
4. Fundamental analysis.

Question 21

The purpose of a protectionist trade policy is to:

1. promote processes revolving around specialisation;
2. secure a minimum proportion of the value of imported goods;
3. enhance subsidies payable to domestic producers;
4. facilitate governmental restrictions and competition support activities.

Question 22

“The high rate of steel production in China is continuing and, it is speculated, that steel is being sold to export markets, at prices below the cost of production”. This is reminiscent of the practice of dumping. Which statement is correct? Dumping …

1. constitutes a special duty that is levied against foreign firms as a trade barrier.
2. protects domestic producers against unfair competition.
3. occurs when goods are exported at prices below market value.
4. is tantamount to a certain percentage of input materials being sourced domestically.

Question 23

The South African Government’s imposition of quotas on Chinese clothing imports was of limited use to the local industry. Which alternative tariff barrier(s) could be used:

1. import quotas;
2. local content requirements;
3. ad valorem tariffs;
4. voluntary export restraints.
Question 24

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 25

The formation of the European Union (EU) is an example of:

1. introducing a common currency into a designated, geographical area;
2. global integration;
3. regional economic integration;
4. helping MNC's to determine where to produce products.

Question 26

The introduction of an innovative, export processing zone (EPZ), akin to a free trade area (FTA), could yield the following advantages.

1. The improvement of a participant's standard of living.
2. The prevention of job losses in the designated area.
3. Increased, economic diversification.
4. Increased, business representation on the EPZ's advisory board.
**Question 27**

A free trade agreement constitutes:

1. Trading relations governed by an agreement that emphasises reciprocal cooperation between member countries.
2. The shifting of production to more efficient producers for reasons of comparative advantage.
3. An arrangement to abolish all tariffs between member countries of a particular trade group.
4. A strategic alliance between trading blocs, allowing them to impose external tariffs on goods being imported from non-members.

**Question 28**

The USA’s withdrawal from NAFTA could hold the following implications:

1. unrestricted access to Mexico’s financial institutions;
2. the renegotiation of member’s intellectual property rights;
3. the re-imposition of trade restrictions between signatories to NAFTA;
4. enhanced free flow of Foreign Direct Investments, between members.

**Question 29**

June 10, 2015 marked the launch of the tripartite Free Trade Area involving; COMESA, SADC and the East African Community (EAC). The purpose of a Free Trade Area is to:

1. ensure the implementation of trade policy instruments for members and non-members;
2. regulate the integration of Africa’s markets;
3. accelerate negotiations between members and non-members, regarding the functioning of a Free Trade Area;
4. ensure the removal of all barriers to the trade of goods and services among member countries.
Question 30

America’s intention to re-negotiate the NAFTA trade deal is one of the many anti-trade threats originating from its new administration. Historically, what was the purpose of NAFTA?

1. To orchestrate supply chains between member countries.
2. The removal of barriers on cross-border flows of goods and services.
3. To encourage the migration of jobs to Mexico.
4. To monitor environmental and labour laws of member countries.

TOTAL MARKS 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. 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.

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

Question 1

“The promotion of international trade in goods and services has expanded the globalisation process”. Given these realities you are required to do the following:

1.1 Explain the concept of “globalisation”. (5 marks)

1.2 Explain the role of the World Trade Organisation (WTO) in the promotion of the international trade in goods and services. How does this differ from the role that GATT used to play? (7 marks)

1.3 Discuss the central role of government in providing an enabling environment for international trade. (7 marks)

1.4 Identify and discuss the typical types of information that global firms usually seek. (6 marks)

[Total: 25 marks]
Question 2

2.1 Fully explain the “four attributes” that Porter’s theory of competitive advantage is based on. (8 marks)

2.2 Fully discuss the characteristics of an emerging industry and the relevant strategies that an MNC should consider. (9 marks)

2.3 Discuss what is meant by the concept ‘rights theories” as a theory of business ethics. (8 marks)

[Total: 25 marks]

Question 3

3.1 Explain what the concept of Foreign Direct Investment (FDI) entails. (5 marks)

3.2 Elaborate on the four major types of FDI: mergers, acquisitions, brownfield investment and wholly-owned subsidiaries. (8 marks)

3.3 Elaborate on the advantages FDI for the host country. (7 marks)

[Total: 20 marks]

TOTAL MARKS FOR ASSIGNMENT 02 [70 MARKS]

8.6 Other assessment methods
There are no other assessment methods for this module.

8.7 Format of the examination
Examination admission will be granted to all students who submit the compulsory Assignment 01. Students who do not submit this assignment 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 MNB3701 is a two-hour paper with a total of 70 marks. It is a closed-book examination. The examination paper covers all the prescribed chapters in the prescribed book. The examination will be based on all the specified outcomes of this module.

9 FREQUENTLY ASKED QUESTIONS
We receive many calls from students asking the same questions over and over again. We have here fore decided to include these frequently asked questions in this tutorial letter. Please do not make an unnecessary telephone call asking one of the following questions:
9.1 Study material (tutorial letters, prescribed books and other items)

9.1.1 What is Tutorial Letter 101 (Tut 101)?
You will receive a Tut101 for every module for which you are registered. The Tut101 contains essential information such as information on administrative matters, assignment details such as submission dates and the actual assignment questions, as well as the prescribed sources for that specific module. **It is essential that you read through the Tut101 for each module carefully.**

9.1.2 Module content

9.1.2.1 How is the content of the module determined?
The content of a distance learning module is determined through a systematic process for the design and development of distance learning materials. This includes a needs assessment of the education needs at the different levels of the degree, an analysis of the learner group, the needs of the South African Qualifications Authority (SAQA) and the needs of the specialist field of study. The inputs of various stakeholders are also taken into account, for example, the legal requirements of government (e.g. the various laws relating to the field of study), the needs of the workplace and industry, the requirements of the specialist field of study, and feedback from students through opinion surveys and focus group interviews. The curriculum is normally developed by a team which includes subject specialists, instructional designers, editors, authors of distance learning materials, graphic artists, etc.

9.1.2.2 Why can’t there be more built-in interactivity, guidance and feedback and proper self-assessment opportunities in the module?
With the advent of outcomes-based education (OBE), higher education institutions are now required to convert all learning material into an outcomes-based format. This implies that each module and study guide should include clearly stated learning outcomes. Furthermore, the learning material needs to provide opportunities for built-in interactivity, self-assessment activities, guidance and feedback. When the study guides of the Department become due for revision, they are reviewed in terms of the OBE requirements and are constantly being improved to incorporate outcomes-based principles and approaches. It is acknowledged that feedback is an integral part of these requirements and essential in order to promote meaningful learning. The Academic Staff in the Department are all committed to working towards this ideal.

9.1.2.3 Most of the modules are theory based. Why can’t the modules be more practical to provide us with skills?
This may be true of some modules, but the modules, in general and the study guides and assignments, in particular, require you to do activities, including case studies aimed at relating the theory to the practical business management environment.

The diligent student will also complete these activities which promote understanding, the application of the theory and the development of cognitive skills relating to business practice.
9.2 Prescribed book

9.2.1 Do I have to buy the prescribed book?
Yes, you do need to buy the book if it is prescribed for the module you have registered for. You will not be able to complete this module successfully without the use of the prescribed book. We suggest that you buy the prescribed book as soon as you have registered. Particulars regarding the prescribed book/s (edition; chapters/pages to study etc) are provided on page 5 of this tutorial letter.

9.2.2 Where can I find a list of official booksellers?
Information on official booksellers appear in the My studies @ Unisa, which you received with your study material.

9.2.3 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 and the study guide.

9.2.4 Could you highlight the most important aspects of each chapter?
We suggest that you refer to the learning outcomes or guidelines at the beginning of each topic/study unit in the tutorial letter 501 or study guide, to see which aspects of the learning material need to be mastered.

9.3 Other study material issues

9.3.1 I have not yet received my study material or misplaced some or all of it. Could you please mail or fax me a copy?
No, unfortunately the study material is kept at a different department. Please refer to item 1.4.1.2 regarding the contact details in this regard. Ask whether the specific item has been despatched. If it has been despatched and you have not received it after a reasonable period of time, ask for another copy to be despatched. You can also find your study material on myUnisa.

9.3.2 I would like to do some additional exercises. Could you provide me with tutorial letters from previous years?
Owing to limited storage space at Unisa, no tutorial letters from previous years are kept and/or made available to students.

9.3.3 What do I do if I experience problems with the content of the study material?
Contact your tutor or one of the lecturers responsible for the module immediately. Please do not hesitate to contact us. You can phone any of the lecturers during the mornings, make an appointment to come and see us personally, write a letter or send an email. Tutors are available in person at regional learning centres on most Saturday mornings. You need to register at the centre to attend tutorials.
9.4 Assignments

9.4.1 Do I have to do the assignments?
The assignments, like the activities in the study guide, are vital learning tools to master the learning outcomes and to prepare you for the examinations. The assignments also provide an opportunity to obtain feedback from the lecturer and to get a feeling for the standard required in a particular module. You need to do the relevant assignments mentioned in this tutorial letter. Please check carefully under the assignment section on page 8 of this tutorial letter how many assignment(s) you need to complete, what kind of assignment(s) they are and their submission date(s).

No extensions whatsoever will be granted for the submission of the assignments and you are requested not to apply for extensions under any circumstances.

After the closing date of the assignments, you will receive a tutorial letter containing guidelines on answering the assignments.

9.4.2 My assignment is late because.... Can I submit it at a later date?
It is your responsibility to ensure that your assignment reaches UNISA’s Main Campus on/or before the due date. Multiple-choice assignment questions are marked by a mark-reading device on a fixed date as specified in advance in the planning schedule of the assignment. Hence multiple-choice assignments submitted after the closing date will not be marked.

9.5 Examinations

9.5.1 Will the examination paper contain any theory questions and interpretations?
Most of the questions involve theory, interpretation and in some cases, application and calculations.

9.5.2 Can you give me any “tips” for the examination?
No —tips are NOT provided to students.

9.5.3 When and where will I be writing the examination?
When you register, select an examine centre that is convenient for you. If you need to change venues, inform the Directorate: Student Assessment Administration in good time so that it can make provision for you at the other centre.

9.5.4 When will the examination results be released?
Please refer to the table on page 5 of this tutorial letter regarding the contact details of the Examinations Section in this regard.
9.5.5 Where will I find my examination results?
You will be able to obtain your results from the following places on the day on which the examination results are released:

- by calling the toll-free number of the MTN Voice Response System: 083 1234.
- A hardcopy of your official results will also be posted to you.

Please note that examination results may not be made available via email or telephone.

9.5.6 What do I do if I am unhappy with my results?
Refer to the back page of your official results (which you will receive in the post) for the different options. Also, consult the My studies @ Unisa, which you received as part of your study package.

9.5.7 How do I apply for my examination script to be remarked or rechecked?
You will find all the information on the remarking or rechecking of examination scripts at the back of the official results, which you will receive in the post. You will also find the information in the My studies @ Unisa.

9.5.8 I am not familiar with examination-taking skills at a tertiary institution. How could I improve these skills?
We suggest that you contact the Directorate for Counselling, Career & Academic Development in this regard (012 441 5388).

9.5.9 What are the assessment criteria for the examinations?
You will be assessed on the learning outcomes for each study unit. These learning outcomes are provided at the beginning of each learning unit in the tutorial letter 501.

9.6 Multiple-choice questions (MCQs)

9.6.1 I often find MCQs difficult to understand. How should I approach them?
When designing MCQs, we try to put as much information in the question as the students will need to identify the correct option. We also try to formulate the options as briefly as possible. You should read the question carefully and try to identify the part of the work to which the question relates. Identify the clues in the question that will lead you to choose the correct answer from the options.

9.6.2 MCQs do not allow me to demonstrate all my knowledge. Could you possibly ask more application questions?
The number of application questions asked in assignments and examination papers will depend on the level of the module. At first-year level, you will receive mainly theory-based MCQs. At second- and third-year levels, you will receive more application and fewer theory-based MCQs.
9.6.3 *Are the lecturers trying to catch me out?*
No, lecturers only try to test students' knowledge, understanding and application skills. MCQs are always checked and double-checked by colleagues for ambiguity.

9.6.4 *Why do I only receive marks for choosing the correct option and not for other knowledge that I have?*
When designing MCQs, lecturers try to cover all the learning outcomes identified in each study unit. In this way, your knowledge of the whole subject area is tested.

9.6.5 *Some of the MCQs are tricky because of semantics and not because of content difficulty. What can be done about this?*
When studying Management Sciences, students need to familiarise themselves with certain terms used in the business world. Lecturers use the same terminology in MCQs. Questions are also checked and double-checked by colleagues for ambiguity.

9.7 *Group discussion classes*
No group discussion classes will be presented for this module.

9.8 *General*
9.8.1 *I would like to work with other students. How can I arrange this?*
You could ask Unisa to connect you to other students in your area to enable you to form a study network. The Directorate for Counselling, Career & Academic Development also trains senior students to provide peer collaborative learning at the learning centres. We suggest that you contact the Directorate for Counselling, Career & Academic Development in this regard (012 441 5388).

9.8.2 *I wish to get in touch with students in my area who are also enrolled for the module for which I’ve enrolled. Please provide me with their contact details.*
Please use the *myUnisa* facility to get in touch with fellow students.

9.8.3 *There is a lack of student support in respect of skills development, such as business-related skills, and reading and study skills.*
We suggest that you contact the Directorate for Counselling, Career & Academic Development on 012 441 5388 about the development of reading and study skills.

Every lecturer endeavours to promote skills development in the subject for which he or she is responsible. However, skills development can only take place when the learning material and the learning outcomes have been mastered and when the student has the ability to apply the various
concepts and principles. The activities and assignments in the study guide are aimed at promoting learning, understanding and application, which are prerequisites for developing skills.

9.8.4 What is myUnisa?
myUnisa is the University’s online learning management system. You will find your study guides and tutorial letters in PDF format on the website for your module. You can communicate with your lecturers, with other students and with UNISA’s Administrative Departments – all through the computer and the internet. Bear in mind that you require an internet-enabled computer to use myUnisa.

To go to the myUnisa website, start at the main Unisa website, http://www.unisa.ac.za, and then click on the orange myUnisa button on the right-hand side of the screen. This should take you to the myUnisa website. You can also go there directly by typing in http://my.unisa.ac.za. Please consult the My studies @ Unisa for more information on myUnisa.

9.8.5 What is RPL?
Recognition of prior learning (RPL) is the recognition by Unisa of any nonaccredited learning of tertiary level related to a Unisa discipline which occurred before you decided to register for an academic qualification. The RPL programme at Unisa enables you to gain recognition and credit for what you already know and are able to do at a level equivalent to University study.

You receive credit for what you have learnt from experience, training courses, etc. For example, if you have worked as a police official for 10 years, you will have learnt a vast number of skills, such as how to conduct an arrest, how to write a statement and how to negotiate. If you have started up and run your own successful business, you will be experienced in budgeting, stock-taking and preparing proposals for clients. If you have done research and written research reports, you could request credits in the field of research. RPL makes it possible for you to earn credits towards a Unisa qualification, thereby shortening your study time and reducing your study fees.

Applications or enquiries can be directed to:
- the College of Economic and Management Sciences (Ms J Brozio: 011 471 2215, jbrozio@unisa.ac.za)
- pre-access programme for candidates with no or incomplete Department-leaving certificates (Ms Marici Snyman: 011 471 3937, msnyman@unisa.ac.za)

9.8.6 What can I do if I am not a confident reader or writer?
The Directorate for Counselling, Career & Academic Development offers literacy support at many of the regional learning centres. Staff there can also help you to improve your study skills. We suggest that you contact the Directorate for Counselling, Career & Academic Development in this regard (012 441 5388).
9.8.7 How much contact can I expect?
Since distance education relies on independent self-study, your study package on its own should enable you to complete the module successfully. myUnisa offers discussion forums. The Directorate for Counselling, Career & Academic Development has counsellors, literacy centres, peer collaborative learning facilitators, etc. We suggest that you contact the Directorate for Counselling, Career & Academic Development in this regard (012 441 5388).

9.8.8 Where can I obtain financial aid?
Please refer to the Financial Aid Bureau.

10 IN CLOSING
We wish you success in your studies.

Your lecturers for MNB3701
Department of Business Management
Unisa