



Tutorial Letter 102/1/2018

The Principles of Global Business Management MNB3701

Semester 1

Department of Business Management

This tutorial letter contains important information about your module.

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1 BACKGROUND

The purpose of this Tutorial letter 102/1/2018 is to address the concern about alignment between Assignment01 and the study materials/study guide. In light of this concern the Department took the decision to develop an additional assignment- Assignment03. Assignment03 aligns more closely with the study materials/study guide. Assignment03 is an elective assignment. Hence, students can either submit Assignment01, or Assignment03 or both Assignments01 and 03. The highest mark of either of these assignments will be considered for year mark purposes.

Please refer to the Announcement made by the Chair of Department, dated the 23rd. February 2018, which explains the rationale for this tutorial letter.

The information contained in Tutorial101 remains the same.

Please refer to section 2 below for Assignment03.

2 ASSIGNMENT 03

The unique number and the due date for this assignment are as follows:

Unique Number	717594
Due date	13 April 2018

This assignment consists of 30 multiple-choice questions that cover different chapters of the prescribed book.

Question 1

International business culture has influence on ONE of the following:

1. relationships between ethnic groups;
2. cross-cultural leadership;
3. relationships between supervisors and subordinates;
4. the role of male employees.

Question 2

Which ONE of the following is an implication of cultural dimensions?

1. The influence on international business on promotion of fair competition and market information.
2. The governance of international business operations in accordance of parent country.
3. The influence on international business particularly on promotion of political and economic ideologies.
4. The adoption of ethnocentric strategy favoured over polycentric strategy.

Question 3

In order to stay ahead of competition, the managers of global firms gather a lot of information, this includes:

1. meeting unrealistic performance goals.
2. costing information.
3. being culturally different, without being better or worse.
4. offering guidelines for "ethical" decision-making.

Question 4

The three types of foreign exchange exposures include the following:

1. political, transactional and economic risks.
2. credit, economic and exchange risks.
3. translation, economic and transactional risks.
4. political, credit and performance risks.

Question 5

The discount houses are responsible for all of the following types of bills EXCEPT:

1. government treasury bills.
2. subsidiary bills.
3. domestic bills.
4. foreign bills.

Question 6

Global measures of efficiency and effectiveness of political leaders include the following EXCEPT:

1. political stability and the absence of violence;
2. regulatory quality;
3. government efficiency;
4. control of corruption.

Question 7

Which ONE of the following trade mechanisms of the World Trade Organisation helps to strengthen the negotiating powers of the less developed countries against economically powerful countries?

1. mediating between countries;
2. facilitation of free trade;
3. negotiation of trade dispute resolutions;
4. regulation of trade relationships between nations.

Question 8

The low-context of Hall approach towards culture is attributed to one of the following:

1. decision-making is impersonal and tends to avoid conflicts;
2. the prevalence of autocratic against democratic management styles;
3. business transactions tend to be objective;
4. relationship-building and development of trust are crucial for business formation.

Question 9

International trade is facilitated by the use of a common currency, the \$ (US dollar) due to which ONE of the following reasons:

1. the United States of America (USA) is a politically powerful country;
2. the currency is owned by an economically powerful country.
3. the currency serves as the common denominator for all the global currencies;
4. the United States of America (USA) houses the International Monetary Fund (IMF).

Question 10

Relative purchasing power parity is underpinned by price adjustments across countries as influenced by inflation and exchange rates. However, absolute purchasing power parity assumes that:

1. prices should include inflation and disregard exchange rates across countries.
2. prices should include exchange rates and disregard inflation across countries
3. prices should be equal regardless of inflation and exchange factors across countries.
4. prices should be influenced by the costs of production.

Question 11

One of the advantages of globalisation is that:

1. it has the potential of creating meaningful and sustainable jobs.
2. it presents a shift towards more interdependent subsidiaries.
3. it constitutes a politically influential proposition to poverty.
4. it perpetuates fair income distribution

Question 12

One of the impediments to exporting is:

1. to improve competitiveness of a particular role player in a strategic growth sector.
2. to achieve a balance-of-trade equilibrium involving all of a country's trading partners.
3. to guide governments in the implementation of economic policy.
4. to apply trade restrictions through regulatory bodies.

Question 13

Transfer pricing CAN BE used to:

1. control the movement of funds.
2. to retain profits in the host country.
3. to reduce tax liability.
4. to compensate the fund managers.

Question 14

It is often argued that Voluntary Export Restraints (VER) 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. lower the production costs of domestic manufacturing or service products.

Question 15

The purpose of the World Trade Organisation is to:

1. promote free trade among countries;
2. encourage economic dispensation of production activities;
3. pursue the agenda for anti-dumping policies;
4. respond to economic crises.

Question 16

Which ONE of the following best describes the concept “transaction exposure”?

1. Long-term financial risk;
2. Short-term financial risks;
3. Long-term Country risk;
4. Short-term Equity risk.

Question 17

The theoretical foundation of business ethics rests on the following EXCEPT:

1. business ethics are a reflection of culture;
2. maximisation of good and minimisation of harm;
3. government's economic policies;
4. corporate social responsibility.

Question 18

Corruption is considered as one of the prohibiting economic growth factors. Less developed and developing countries are characterised by low corruption perception indices. Which ONE of the following is true about high corruption perception index?

1. It is not an indication of clean business practices abroad.
2. It is an indication of clean business practices abroad.
3. It is a suggestion of the power of rule of law in the parent country.
4. It is a suggestion of the power of rule of law in the host country.

Question 19

One of the functions of supply chain teams is to:

1. facilitate departmental operations.
2. ensure timeous delivery of operational resources.
3. control organisation finances.
4. ensure the wellness of the employees.

Question 20

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 the regard?

1. cultural relativism
2. the naïve immoralist
3. Friedman's doctrine of ethics
4. Utilitarian ethics

Question 21

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

1. that they lower production costs abroad.
2. that they reinforce protectionist barriers.
3. that they increase domestic manufacturing capacity in the home country.
4. that they modify product design and development.

Question 22

Regional economic integration enhances economic and political status of member countries, however, this trade strategy has potential to pose a challenge of:

1. inequality.
2. inefficiency.
3. Instability.
4. dominance.

Question 23

Which ONE of the following advantages of transfer pricing has a direct impact on an MNC's maximisation of earnings?

1. Ability to influence the political economy of the host country.
2. Flexibility to move funds from a country with high tax rate to a country with a low tax rate.
3. Ability by a parent company to negotiate lower tax rates on behalf of the subsidiary
4. Ability to source financial resources from surplus units for operational efficiency.

Question 24

Although the concept of globalisation is very broad and has no standard definition, different schools of thought define the concept in terms of its relevance to their perspectives. Which ONE of the following defines globalisation from capitalist perspective?

1. MNCs control trade agreements.
2. Free society increases trade disputes.
3. The producers control the prices in the market space.
4. Demand and supply interchangeably regulate sales and purchases.

Question 25

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

1. the price at which a bank will buy foreign exchange from another bank.
2. the purchase of foreign exchange 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 future.
4. the simultaneous purchase of a given amount of foreign exchange for two different value dates.

Question 26

The following are forms of trade barriers EXCEPT:

1. export substitution.
2. import substitution.
3. infant industry argument.
4. anti-dumping practices.

Question 27

Governments use import tariffs to increase their revenue, ONE of the following is the pitfall of import tariff:

1. it promotes domestic efficiency;
2. it reduces costs of production;
3. it increases costs to consumers;
4. it increases costs to exporters.

Question 28

The recent withdrawal of Greater Britain from the European Union (EU) has brought lots of uncertainties for member states regarding the impact on employment and social security. The formation of European Union (EU) is an example of?

1. regional integration.
2. regional economic integration.
3. common currency agreement.
4. global integration.

Question 29

The difference between subsidies and quotas is that:

1. Quotas are aimed at overcoming market imperfections while subsidies are a source of government 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 shipped out of a country.
3. Quotas are designed to restrict the amount of goods or services that can be imported into a country while subsidies constitute payments made by government for the benefit of domestic manufacturers.
4. Subsidies represent an aggregate duty on more than one product, quotas are arbitrarily used to determine the value of goods entering a country.

Question 30

The USA's withdrawal from NAFTA could have the following implications:

1. unrestricted access to Mexico's financial access.
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.

TOTAL FOR ASSIGNMENT 03

[30 MARKS]

3 IN CLOSING

We look forward to a good working relationship with you. Do not hesitate to contact the lecturer by e-mail (ntisola@unisa.ac.za) if you are experiencing any problems with the contents of this tutorial letter.

We wish you success with this module.

Your lecturers

DEPARTMENT OF BUSINESS MANAGEMENT