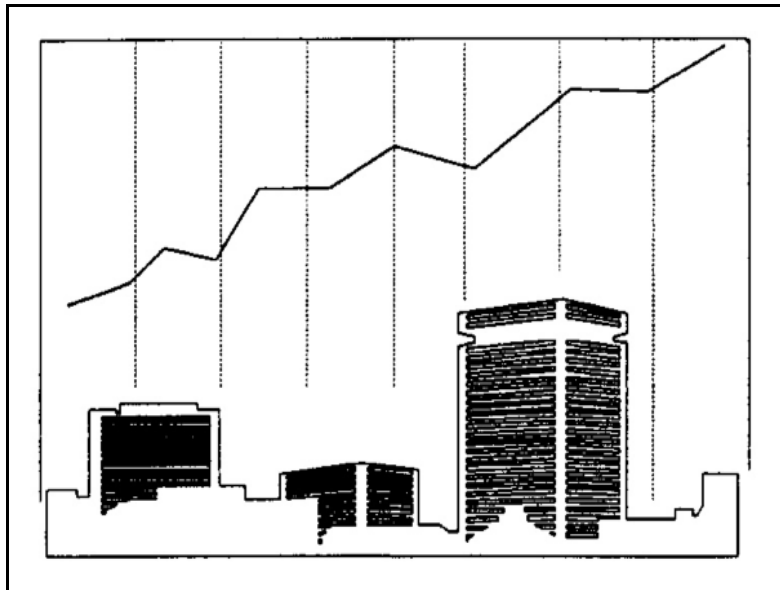


MNI301J/201/3/2009



**STREPIESKODE  
BAR CODE  
UNISA P248(A)**

## **DEPARTMENT OF BUSINESS MANAGEMENT**



### **BUSINESS MANAGEMENT**

**GLOBAL BUSINESS ENVIRONMENTS (MNI301J)**

**TUTORIAL LETTER 201 MNI301J/2009**

**CONTENTS**

- 1 INTRODUCTION**
- 2 FEEDBACK ON ASSIGNMENT 01**
- 3 CONCLUSION**

Dear Student

**1 INTRODUCTION**

This tutorial letter provides feedback on Assignment 01 as presented to you in tutorial letter 101/2009. You need to study the contents of this tutorial letter carefully because it will provide you with valuable insight and assist you with your examination preparation.

This assignment consisted of 20 questions. These questions covered the first part of the designated chapters in the textbook on which the examination will be based, namely, chapters 1 to 6.

**2 FEEDBACK ON ASSIGNMENT 01**

**Question 1 Which of the following is a major driver of change in global business?**

Option 1 is the correct answer.

While a number of factors are regarded as drivers of change in the global business context, the major driver of change in this direction has been identified to be changing consumer preferences. Hough and Neuland (2007:2) identified, among many factors the rapidly changing consumer preferences as one of the major factors that inform the prompt responsiveness of firms that strive to be competitive in the global business environment.

**Question 2 Which of the following best describes global business?**

Option 1 is the correct answer.

Global business is generally viewed as a commercial activity that spans across two or more international borders. These activities involve the movement of consumable merchandise -production inputs as well as

final goods and services across countries. Hough and Neuland (2007:3) describe global business as 'the movement of resources, goods, services and skills over international borders'.

**Question 3 Which one of the following does NOT play a role in influencing international business?**

Option 4 is the correct answer.

The International business environment is more complex and volatile in comparison to doing business within the home country. The increasing measure of regional integration, the more favourable global regulatory institutions, and the increasing competitiveness of global businesses are a few of the factors that influence the course of international business dynamics.

**Question 4 Which one of the following is NOT a key issue and an environmental force with a direct impact on a company's understanding of the international business environment?**

Option 3 is the correct answer.

The complexities that characterise international business impact on both direct and indirect forces on competing organisations. The gravity of these forces implies that managers should be well versed in the machinations of the political and economic systems peculiar to the international business environment. There is no supporting evidence to justify that MNEs from the developing world are producing sub-standard products.

**Question 5 In order to achieve economic growth, a country that is confronted by a balance of payments deficit can adopt one of the following measures:**

Option 1 is the correct answer.

A balance of payments deficit occurs when the monetary value of a country's imports is higher than that of the exports. This situation is generally redressed by facilitating an increase in inflow of foreign capital either as a consequence of increased exports, or as an outcome of increase in inflow of foreign investment in the domestic capital market.

**Question 6 Which of the following international trade theories emphasise the relevance and the availability of factors of production as one of the reasons for engaging in international trade?**

Option 2 is the correct answer.

The Heckscher-Ohlin theory relating to factors of production expands the theory of comparative advantage by emphasising the availability of factors of production in a given country. This theory posits that the factors of production are either scarce or abundant in any given country; thereby giving the country that has an abundance of these factors of production a comparative advantage over the countries where such factors are scarce. The theory suggests that a country should export products that use its natural endowments intensively while importing those products that are less prudently produced from these factors.

**Question 7 The SADC regional group is proposing to eliminate visa requirements for citizens of member nations that travel within the trading bloc. This kind of a measure is seen as:**

Option 1 is the correct answer.

The regional economic arrangements/groupings are generally established to improve the living standard of all the citizens within the trading bloc. The redistributive motive of this trading arrangement is facilitated by the easy movement of goods and services, as well as citizens of the member nations. One of the avenues to achieve this has been identified and demonstrated by successful trading blocs (especially the European Union) to be the total elimination of travelling barriers amongst member nations.

**Question 8 A free trade area (FTA) is a form of trade bloc that exists among member nations in which:**

Option 3 is the correct answer.

Free Trade Agreements (FTA) are generally the most common type of trade bloc. These are agreements between two countries or amongst

groups of countries aimed at a policy of non-intervention by the state in trade between their nations. Tariffs and non-tariff barriers to trade are usually removed or lowered amongst member nations, whilst each country maintains its own commercial policy towards countries that are not part of the FTA. The fundamental principle of economic integration is stated by Hough and Neuland (2007:42) as being the promotion of efficiency and competition among investors, to accommodate specialisation and the division of labour and the expansion of the market size of participating countries.

**Question 9 Which one of the following statements about culture is true?**

Option 2 is the correct answer.

Culture is simply seen as a process that evolves as 'the result of human interaction' (Hough and Neuland, 2007:73). These authors further describe culture as a complex whole that comprises knowledge, belief, art, law, customs and any capabilities and habits acquired by the members of a society. This suggests that culture in societies affect almost everything people do, see, feel, and achieve.

**Question 10 One of the main challenges that confront international business managers is global cultural incongruence. Which of the following best describes culture?**

Option 4 is the correct answer.

Culture plays an important role in the international business environment due to its complexities. It explains and determines many aspects of individual and group behaviour both at the workplace, and in the social arena. This explains why cultural incongruence may pose a threat to managers in international business. For managers in international business to succeed, it is essential to acknowledge the fact that culture creates and regulates the entire environment in which international business operations are conducted, and thus act in a way to accommodate and manage these diversities.

**Question 11 The positive and negative standards of behaviour adhered to by the people of a specific group reflects which of the following:**

Option 3 is the correct answer.

Norms are defined as the social rules and guidelines that prescribe appropriate behaviour patterns for a group of people. They form the rules that a group uses for appropriate and inappropriate values, beliefs, attitudes and behaviours. These rules may be explicit or implicit, and it is compulsory for all the group members to abide by them, given that failure to stick to the rules can result in sanctions, the most feared of which is exclusion from the group.

**Question 12 Religion worldwide has a profound influence on lifestyles, values, beliefs, attitudes and ethical issues. Religion also influences the way people in a society act toward each other and toward those in other societies. Which of the following is a characteristic of Protestantism?**

Option 2 is the correct answer.

According to Hough and Neuland (2007:82-83), evidence suggests that Protestantism has a profound implication on business more than any of the other religious organisations. Predominantly Protestant dominated countries have been observed to be better economically developed than other countries, chiefly because of their ethic of hard work, productivity, savings, reinvestment of capital, and wealth creation. This attitude may help to explain why capitalism thrives in Europe and North America (ibid).

**Question 13 Islam basically supports capitalism, but places relatively more emphasis on an individual's obligations to society. Which of the following does NOT support this statement?**

Option 4 is the correct answer.

Hough and Neuland (2007:83) enumerate the economic and business contexts of Islam as a religion. Prominent among the obligations of a

Muslim are the social virtues. Item eight on the individual Muslim's obligation to the society states that the wealthy and successful **have** an obligation to help the disadvantaged.

**Question 14 The internationalisation and globalisation of business has a considerable impact on the behavioural implication of managing any international firm. Which one of the following considerations poses challenges to managers of international business?**

Option 1 is the correct answer.

The impact of cultural values, norms and beliefs of any given country has been observed to influence the costs and the risk of doing business in that country. A manager may gain a better competitive advantage over its competitors if he is able to manage cultural incongruence better. Hough and Neuland (2007:97) thus suggest that management should possess cross-cultural literacy to enable them understand and manage cultural diversity better in the global marketplace.

**Question 15 Which one of the following conditions is NOT necessary for the proper and smooth functioning of a market economy?**

Option 1 is the correct answer.

A market economy is an economic system in which economic decisions and the pricing of goods and services are guided solely by the combined interactions of a country's citizens and businesses, with little government intervention, if it exists at all. Market economies work on the assumption that market forces, such as supply and demand, are the best determinants of the quantity and pricing of goods and services in the economy. The practical application of this economic system requires consumer sovereignty, entrepreneurial spirit and competitiveness.

**Question 16 Which one of the following is NOT a factor that managers need to consider as they make strategic decisions about operations in different countries?**

Option 4 is the correct answer.

Managers should be well versed with the structure and machinations of the political and economic systems that prevail in the foreign country where they intend to invest. The political environment and its likely impact on any business venture should be understood and analysed when strategic decisions are made. The dynamics of the political system and its potential effectiveness is of no consequence in this regard.

**Question 17 Values form the very foundation of a culture and provide the context within which the norms, beliefs, attitudes, traditions and symbols of a society are established and manifested. Which one of the following is NOT a determinant of a 'value' system?**

Option 4 is the correct answer

Values are defined as the basic convictions that people have regarding what is right and wrong, good and bad, acceptable and not acceptable, important and unimportant (Hough and Neuland, 2007:74). Values are traits or virtues that are considered worthwhile; they represent a person's highest priorities and deeply held driving forces. The major determinants of values have been identified as religion, language and education (Hough and Neuland, 2007:74).

**Question 18 Some of the abilities and characteristics needed by the global manager in order to function in flexible organisations include the following, EXCEPT:**

Option 2 is the correct answer.

A flexible organisation works continuously towards maintaining the optimum combination of stable and flexible factors as well as the correct level of flexibility relative to the demands of customers, employees and pressures from changing technology, as well as competitors. To achieve an optimal utilisation of an organisation's resources, it is essential to establish a correlation between the company's ambitions, the management structure, employee development, a good reward system and a good operational procedure. The ability of a global manager to identify diverse employee upbringing and traditional beliefs for ongoing renewal of the organisation is of no serious consequence in this regard.



**Question 19** The political structure of any country has an enormous impact on how business is conducted domestically and internationally. One of the challenges that confront MNEs in global business is:

Option 3 is the correct answer.

Multinational enterprises (MNEs) operate in countries that are characterised by different political structures. These political economies (political, legal and economic frameworks) regulate not only the domestic business activities, but also the international dimension of the business endeavours. For any business organisation to be competitive in the global marketplace therefore, it is imperative for the management of the firm to carefully analyse the interaction between the corporate policy and the political economy of the foreign country where it wishes to invest (host country).

**Question 20** Which one of the following is NOT an example of a non-tariff barrier?

Option 4 is the correct answer.

Non-tariff barriers (NTBs) could be regarded as all measures besides tariffs that are used by the government to restrict international trade. They may take the form of quantitative restrictions on imports through the use of price or cost levies of subsidies, or through the imposition of standards and regulatory/administrative requirements (Hough and Neuland, 2007:28). NTBs refer to the wide range of policy interventions other than border tariffs that affect trade of goods, services, and factors of production, of which Ad Valorem tariffs are the exception.

### **3 CONCLUSION**

It is essential to review the feedback in this tutorial letter and compare it with the answers that you supplied. Also, as part of your preparation for the examination, you are urged to incorporate the feedback provided in this tutorial letter into the material in your prescribed textbook and the study guide. The extent to which you are able to integrate these materials will assist you in preparation for the examination.

Aregbeshola R A  
**Department of Business Management**  
UNISA