



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION
DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCE**

QUALIFICATION: BACHELOR OF BUSINESS MANAGEMENT HONOURS	
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DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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MODERATOR:	Mr. M B Simasiku

THIS QUESTION PAPER CONSISTS OF 6 PAGES (Including this front page)

INSTRUCTIONS	
1.	Answer all questions .
2.	Read all the questions carefully before answering.
3.	Marks for each question are indicated at the end of each question.
4.	Please ensure that your writing is legible, neat and presentable. Start each Section on a new page.

PERMISSIBLE MATERIALS

1. Examination question paper
2. Examination answer sheet

SECTION A

Question 1

[2 x 10=20 Marks]

Multiple choice questions from 1.1 – 1.10. Indicate the letter of the appropriate answer next to the corresponding question number in the provided answer book. For example, 1.1 B.

- 1.1 Which of the following is a consequence of globalization?
A. Decreasing interdependence between national economies
B. Increasing outsourcing of services
C. Differentiation of material culture
D. Increase in barriers to cross-border trade
- 1.2 Which of the following factors hinders globalization of consumer goods market?
A. Higher production costs in developed nations
B. National differences in tastes and preferences
C. Homogenization of material culture
D. Increasing outsourcing of goods and services
- 1.3 Globalization of markets results in markets becoming _____.
A. less interdependent
B. less diverse
C. more protected
D. less competitive
- 1.4 A multinational enterprise (MNE) is a firm that _____.
A. exports its products to multiple countries
B. has production units in more than two countries
C. does most of its business on the Internet
D. lists its securities on a public exchange
- 1.5 Interdependent political, economic, and legal systems of a country make up its:
A. administrative agenda.
B. socioeconomic fabric.
C. cultural environment.
D. political economy.
- 1.6 Which of the following is a feature of a democracy?
A. Exercise of absolute control by one person or political party.
B. Governance by people or elected representatives.
C. Prohibition of entry to opposing political parties.
D. Complete restriction of individual political freedom.
- 1.7 A theocratic law system is one in which the law is based on:
A. religious teachings.
B. tradition, precedent, and custom.

- C. a detailed set of laws organized into codes.
 - D. cultural and social norms.
- 1.8 Which feature of an economic union differentiates it from a common market?
- A. Free flow of products and factors of production between member countries
 - B. A common monetary and fiscal policy
 - C. A common external trade policy toward nonmembers
 - D. Ability of factors of production to move freely between members
- 1.9 _____ activities are basically concerned with creating the product, marketing and delivering the product to buyers, and providing support and after-sales service.
- A. Support
 - B. Primary
 - C. Ancillary
 - D. Subordinate
- 1.10 BP, one of the world's largest oil companies, has made it part of the company policy to undertake "social investments" in the countries where it does business. There was no economic reason for BP to make this social investment, but the company believes it is morally obligated to give something back to the societies that have made their success possible. BP's actions are an example of: _____
- A. cultural relativism.
 - B. the Friedman doctrine.
 - C. noblesse oblige.
 - D. the tragedy of the commons.

Question 2

[64 Marks]

- 2.1 Managing an international business is different from managing a purely domestic business. To what extent do you agree or disagree with this statement? Motivate your answer. (6)
- 2.2 Consider whether the shift toward a more integrated and interdependent global economy is a good thing. Discuss the shift from the eyes of a consumer, a worker, and an environmentalist. (10)
- 2.3 Property rights are fundamental for international companies as they provide incentives necessary to innovate, invest, and operate efficiently in the global economy. However, in many countries property rights are violated. Discuss the various ways in which public action can violate property rights. (10)
- 2.4 When countries embark on regional economic integration, they create larger markets and economic space for the production and sale of the goods and services they produce and for the movement of the factors of production. Outline the different levels of regional economic integration from least integrated to most integrated. (10)
- 2.5 Firms must choose among four main strategic positions when competing internationally. Draw a matrix illustrating the conditions under which each of these strategies is most appropriate. (10)
- 2.6 Discuss the cultural relativism approach to business ethics. What is the connection between this approach and the phrase "When in Rome do as the Romans"? How well does this approach hold up ethically? (8)
- 2.7 Managers in multinational firms need to be sensitive to differences in ethical issues. Identify ethical issues that are most relevant in the international business setting which managers ought to be aware of. (10)

SECTION B

Question 3

[16 Marks]

Read the case study below and answer the questions thereafter.

Entry of Huawei into India

This case study explores the globalisation strategy used by Huawei, the world's second largest telecommunication company, to enter into the Indian market.

Problem

Huawei is a Chinese business-to-business (B2B) company that rapidly expanded into the global market since 1997. Before that, its name was literally unheard of outside China. In 2000, the company decided to enter into the Indian market. However, it faced various challenges:

- **Crowded space:** The telecommunication space was crowded with various domestic and international players. In such a space, the company had to make a distinctive brand for itself as a reliable partner.
- **Politically charged history:** Ever since the Sino-Indian wars in 1962, India and China had maintained a cool distance. Clashes between the two troops in the disputed northern border were not unheard of. In such a scenario, the Indians regarded the Chinese company with scepticism.
- **Cultural perception:** For most Indians, the Communist Republic of China was a closed country. Although neighbours, the people-to-people exchange between the two Asian giants was very rare. One reason could be attributed to the language difference; Chinese were mostly non-English speakers, whereas most of India used English as their business language. Therefore, Huawei found it difficult to establish trustworthy relations with the Indian businesses community.
- **Quality perception:** In India, Chinese products were perceived to be of inferior quality. This was a negative factor for Huawei.

Solution

To overcome these challenges, Huawei decided to invest some time to understand the Indian market better. The company implemented the following steps:

- Established R&D centres and service centres in the country.
- Allocated 90% jobs locally to the Indians—a fact that worked very favourably in building a good reputation of the company among the Indians.
- Set up two production plants in Chennai.
- Conducted skill based workshops for Indians with Huawei staff to make them aware about the international standards. This also helped the company to clarify the cultural misconceptions the Indians had about the Chinese.
- Sourced most of its components locally, which made them not only cheaper but also helped the local companies to achieve international quality standards. Again, the Huawei staff helped the local companies in skill and technology enhancement.

- Promoted consumer products such as smartphones by establishing strategic partnerships with local media channels.
- Advertised Huawei smartphones as aspirational products to remove the perception of low quality of Chinese products.
- Fostered a strong brand culture.
- Set up rewards and recognition programs for R&D talent.
- Promoted Indian employees to managerial positions.

Conclusion

There is a misconception among strategy formulators and marketers that the two Asian giants, India and China, share a similar culture, which is not the case. For companies on both sides to enter into each other's market, it is important to study the market comprehensively before entering into it.

The Chinese company Huawei found it as difficult to break the cultural barriers in the Indian market as the Western companies do. Huawei was able to successfully overcome these barriers by:

- Establishing itself as a trustworthy brand
- Building relationships with the local businesses and personnel
- Committing a long-term, sustainable relationship that would boost India's economy and create jobs for locals
- Providing superior quality consumer products

Source: <https://www.ft.com/content/a7c4d656-fe89-11e1-8028-00144feabdc0>

- 3.1 Huawei faced several challenges while entering the Indian market. Elaborate on any three of these challenges. (6)
- 3.2 What are the key lessons that international business managers can learn from the Huawei's entry into India experience? (10)

END OF QUESTION PAPER