



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

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

QUALIFICATION: BACHELOR OF MANAGEMENT	
QUALIFICATION CODE: 07BBMA	LEVEL: 8
COURSE CODE: GBM811S	COURSE NAME: GLOBAL BUSINESS MANAGEMENT
SESSION: JUNE 2023	PAPER: 1
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER MEMO	
EXAMINER(S)	Prof. A.R Asa Ms O.N Kangandjo
MODERATOR:	Mr M B Simasiku

THIS QUESTION PAPER MEMO CONSISTS OF 4 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 and start each Section on a new page.

PERMISSIBLE MATERIALS

1. Examination question paper
2. Examination answer sheet

SECTION A

Question 1

[80 Marks]

- 1.1 Differentiate between international trade and globalisation. (5)
- 1.2 Discuss how declining trade and investment barriers had contributed to globalisation. (10)
- 1.3 When a firm decides to enter into international business, it faces two major decision problems. Elaborate on those two decision problems. (10)
- 1.4 The value and norms of a culture do not emerge fully formed. They evolve over time in response to several factors. What are the determinants of culture? List five of those determinants. (10)
- 1.5 Language is one of the defining characteristics of culture. Consider the importance of unspoken language. Why is it important for business people to be familiar with the unspoken language of another culture? (4)
- 1.6 Several levels of economic integration are possible. Outline these different levels of regional economic integration from least integrated to most integrated. (10)
- 1.7 What are the two types of competitive pressures faced by firms that compete in the global marketplace? How do firms respond to each of these pressures? (5)
- 1.8 Discuss the factors that lead to pressure for local responsiveness. (10)
- 1.9 What is considered normal practice in one country may be considered unethical in others. Discuss this statement from an international business perspective. (6)
- 1.10 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 2

[20 Marks]

Read the case study below and answer the questions thereafter.

The Political and Legal Realities of Doing Business in Russia

Paying bribes to gain favors, whether small or large accounts, is commonplace in many countries. In Russia it is not unusual for business people to make payments to facilitate business, and some bribes exceed US\$100,000, enough to buy a small flat in Moscow. Survey data suggest that most Russians consider paying bribes a normal cost of doing business.

Counterfeiting is also a problem. Take a walk through the open-air markets in Moscow, and you will likely find vendors selling pirated software, music, and movies. Russian police are aware of these products but usually do not issue fines or arrest the sellers. Some corrupt officers even get a cut of the vendors' total sales.

In the corruption index compiled by Transparency International, Russia ranks high among countries where kickbacks and questionable business practices exist. Because of a weak legal environment, the country is a tough place to do business. Prime Minister Vladimir Putin even remarked that anyone who successfully registers a business in Russia deserves a medal. Vague and overlapping regulations enrich a host of public officials. Any new venture may necessitate dozens of government licenses, and each license may require paying a bribe. There are also countless incidents of strong-handed government interference in the private sector. Criminal raiders, sometimes in collaboration with government officials, seize independently operating businesses. One well-known example is Yukos, an oil company once controlled by the Russian industrialist Mikhail Khodorkovsky, who has been imprisoned by government for alleged tax evasion. Claiming that Yukos owed back taxes, Russia's government sold part of the firm and kept the \$9.3 billion in proceeds.

Organised crime is also part of the difficult landscape. In 2006, the deputy chairman of Russia's central bank was shot dead in Moscow. He was trying to reform a corrupt banking system and had closed dozens of banks linked to organised crime, making enemies in the process. Numerous other contract killings have occurred, as criminal organisations attempt to maintain their stronghold on much of Russia's economy. Criminal groups are believed to control some large Russian firms. Foreign Multinational Enterprises routinely perform background checks on employees and contractors in an effort to identify people linked to organised crime. Foreign companies also attempt to provide for the security of staff and facilities.

One consequence of these challenges is that direct investors are often hesitant to do business in Russia. Indeed, some have pulled out altogether, taking tens of billions of dollars with them. Corruption and crime have raised doubts about Russia's evolving legal system and its commitment to market economics. Things have gotten so bad that the country's bid to join the World Trade Organisation (WTO) was temporarily abandoned.

Russia is transitioning from a command economy to a market economy. The shift has created much uncertainty for foreign firms doing business there. Ambiguous (vague or unclear) regulations, inadequate laws, capricious (unpredictable) enforcement, a rudimentary (not very well developed) court system, and a formerly totalitarian government all pose numerous difficulties. Managers must be mindful of the political and legal environments that characterise transition economies. Although they can take precautionary measures to minimise risk, not all risk is avoidable. Numerous firms, from Boeing to IKEA, have invested billions in Russia. Potential rewards are promising for firms that plan ahead and protect their assets, but operating there poses many challenges.

Source: Cavusgil, S.T, Knight G, Riesenberger J. (2017). *International Business*. Pearson

- 2.1 Discuss the major risks that businesses face in going into international business, use examples from the case study to support your answer. (10)

- 2.2 Demonstrate the relationship between Political Systems and Economic Systems, also justify which economic system Russia falls under. (10)

END OF QUESTION PAPER