

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION 2013
I.D.E.

TITLE OF PAPER : INTERNATIONAL MARKETING
COURSE : BA 423
DEGREE AND YEAR : BCOM 6
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

- 1. THIS PAPER CONSISTS OF SECTION (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

NOTE: MARKS WILL BE AWARDED FOR GOOD
COMMUNICATION IN ENGLISH AND FOR ORDERLY
PRESENTATION

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS
GRANTED PERMISSION**

SECTION A (COMPULSORY)**READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW****A CASE FOR NATIONALISATION**

EUROPE lay shattered in the aftermath of World War 2. Survival was the continent's top priority and nationalisation was Europe's salvation, providing a coordinated approach to production and supply and a means to economic prosperity in the decades which followed. Nationalisation has many such benefits, including the achieving of economies of scale as well as employment generation and providing access to essential goods at affordable prices in the absence of a palatable market solution.

In South Africa today, we perceive the nationalisation debate as a pugilistic battle with fatigue-clad, beret-bearing, assegai-toting Julius "kiss the Boer" Malema in one corner, and a dark-suited, nondescript, accountant-looking 50-something white guy in the other. The reality, however, is far less polarised and far more complicated.

So let us explore whether nationalisation will solve their problems. Historic precedence elucidates how nationalisation actually works: socialist regimes nationalise heavy industry not to increase productivity, but rather to place union leaders in a position to dictate terms for the benefit of the workers. But the workers never attain control, they just swap their masters. So what is the signal in the noise emanating from this populist would-be junta, what are they really protesting? They are protesting the gaping hole between promises heard and delivery seen, they are protesting the lifestyles of the downtrodden versus the lifestyles of their incumbent representatives, the haves versus the have nots, the hypocrisy, the nepotism, the inequality, the disparity, the Gini coefficient, the delta. This cry for nationalisation is folly, the folly of seeking utopian outcomes while deploying the tool of a dystopian economic Hiroshima.

While I do not doubt the sincerity of those calling for nationalisation, I equally do not doubt their lack of understanding of what they pursue. There is an old joke about a dog chasing a car and what is the dog going to do when it actually catches the car; let's explore how events would transpire if the dog were to catch the car.

The mining industry is nationalised in good faith, management is incentivised to remain and most do. As long-term capital projects come to the fore to improve efficiencies and

productivity of mines, they are pitted against urgent short-term social, educational and health projects. With political stability trumping long-term planning, the mines are starved of capital. Mining output stagnates, mine maintenance is slackened, mine outputs decline, and mines are now in trouble. Government responds, budgets are approved, increasing expenditure is required to maintain mining outputs, austerity has prevented equipment maintenance and replacement, productivity declines further, more and more resources are deployed to prop up less and less mining output. Brain drain hits the fast track, engineers and scientists head for Australia, Canada, Brazil and China, the mining industry collapses. Private equity firms and mining behemoths begin circling, but unlike vultures they are now the belle of the ball.

Government puts up and promises generous incentives and subsidies to lure the skittish suitors. Private enterprise dips its toe in the water, but - once bitten twice shy - these firms maximise risk aversion. Skilled staff are scarce and beneficiation is untenable at any price. This means that resources will be exported as early in the value chain as is logistically feasible, resulting in the bulk of profits from resources being realised abroad. The result is a historic first for mankind, the first nation to artificially inseminate Dutch disease, the resource curse. So let it be abundantly clear, there is a case for nationalisation; it is in the best interest of the mining companies which will salvage the remnants of a once-thriving industry in decades to come. But it is not in the interests of those whose mouths demand it - it will mock their past, it will destroy their present, it will disable their future and it will disembowel their children's heritage.

Adapted from <http://www.fin24.com/MyFin24/Nationalisation-a-case-scenario-20120927>

Question 1

- a) Explain what nationalisation is and then discuss the advantage and disadvantages of such a government policy. (20 MARKS)
- b) With reference to the case, discuss the challenges of the concept of nationalisation as trumpeted by some in south Africa (20 MARKS)

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

- a) Why is it important for Swaziland to be a member of the SADC (Southern African Development Community) Free Trade Area? **(8 MARKS)**
- b) Compare and contrast standardized, concentrated, and differentiated global marketing. Illustrate each strategy with an example from a global company. **(12 MARKS)**

QUESTION 3

- a) Discuss the role of social media in international marketing and tools associated with it. **(10 MARKS)**
- b) Compare the concepts of push versus pull in international marketing communication. **(10 MARKS)**

QUESTIONS 4

- a) What criteria should global marketers consider when making product design decisions? **(15 MARKS)**
- b) How can buyer attitudes about a product's country of origin affect marketing strategy? **(5 MARKS)**

QUESTIONS 5

Discuss some of the factors that lead to the establishment of an international division as an organization increases its global business activities. **(20 MARKS)**