

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**FIRST SEMESTER EXAMINATION**

TITLE OF PAPER : GLOBAL MARKETING ENVIRONMENT

COURSE : BUS323/BA 326

DEGREE AND YEAR : BCOM 3& IDE BCOM 4

TIME ALLOWED : THREE (3) HOURS

**INSTRUCTIONS:**

- 1. THIS PAPER CONSISTS OF SECTIONS (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****THE NEW CHAMPION OF GLOBALISATION**

China is set to become the new driver of globalisation, taking on the role of economic leadership that has been abandoned by the US under President Donald Trump, and which left a void that could hamper growth across the world in the years ahead.

Support for the free movement of trade, labour, investment and finance has been undermined by the retreat into isolation and populism, which is gathering momentum in many developed countries as increasing numbers of people blame the trend for their own economic hardships and deepening inequality.

The problem is that while globalisation has been the engine of economic growth over the past few decades, lifting more than 1bn people out of poverty in the developing world, the benefits have been unevenly spread in advanced economies.

According to think tank McKinsey Global Institute, more than two-thirds of households in 25 advanced economies saw their income stagnate between 2005 and 2014, while the wealthiest few made tremendous gains. Experts say what is now needed is “inclusive globalisation”, with more focus on human capital – and the impetus is unlikely to come from the West.

Enter China, a country whose rapid growth and rising prosperity over the past few decades has been enabled almost entirely by its integration into global markets. The country’s exports climbed from just \$257bn in 2000 to \$2.4tr in 2016, making it the world’s top exporter – while over the same period it became the second-largest importer, taking in about \$2tr worth of goods last year alone.

According to government statistics, the number of foreign-funded enterprises in China more than doubled from 230 000 in 2000 to 481 000 in 2015, accounting for more than half of the country’s exports, nearly a third of its output and 10% of employment. In addition, outbound foreign direct investment (FDI) has surpassed inbound FDI, making China a net exporter of capital – second only to the US.

What this means is that China cannot afford to allow deglobalisation to happen. While there is deep suspicion around its motives in the West, many Chinese experts say the Asian giant is reluctant to adopt the US mantle of global dominance and is only acting in its own best commercial interests.

Ian Bremmer, the founder of New York-based political risk consultancy Eurasia Group, maintains that China is the only major country in the world today with a global economic

strategy. For many countries, the appeal now of working with China – apart from its deep pockets – is greater predictability, he adds.

“They’re writing big cheques, they’re supporting infrastructure build all over the world and they’re also building a set of economic architecture and trade relationships that will not only be complementary to those set up by the US, they will be competitive,” he said in a recent interview with The National, a newspaper in the United Arab Emirates.

Nowhere is this more apparent than in China’s ambitious “One Belt, One Road” initiative, a bid to revive an ancient network of land and ocean silk trade routes by pumping more than \$1tr into new ports, railways, highways and other infrastructure projects connecting its southern provinces to Southeast Asia, Africa, the Middle East, and eventually even Europe.

Chinese President Xi Jinping has described the ambitious project – which will involve 65 countries with a population of more than 4.4bn and nearly a third of the world economy – as a new “golden age” of globalisation. He has taken great pains to reassure governments and investors that the route will benefit both China and the countries on it, providing new outlets for Chinese finance and goods while fostering development along the way.

Standard Bank’s chief China economist, Shuang Ding, says China’s agenda is more about promoting free trade than deliberately leading globalisation.

But Xi made it clear that China would defend globalisation during an address to the World Economic Forum in Davos early this year – the first time a Chinese president attended the event. He has also taken the lead on measures to fight climate change following Trump’s decision to pull the US out of the Paris Accord to tackle global warming and curb fossil fuel emissions – despite the fact that at present China is the world’s biggest polluter.

### QUESTION 1

- a) According to the author of the article, “Support for the free movement of trade, labour, investment and finance has been undermined by the retreat into isolation and populism...” What explains the rise of isolation and populism? (20 MARKS)
  
- b) Do you think China’s approach to globalisation will work? Discuss. (20 MARKS)

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

Describe the similarities and differences between a free trade area, a customs union, a common market, and an economic union. Give an example of each. (20 MARKS)

**QUESTION 3**

- a) Discuss the significance of the balance of payments and exchange rates when assessing the economic environment of a country. (10 MARKS)
  
- b) Explain the role of the International Monetary Fund (IMF) and the World Trade Organization (WTO) in facilitating global trade relations among nations. (10 MARKS)

**QUESTION 4**

Describe the kinds of broad cultural differences we are likely to find between the Japanese and the British. Compare and contrast the key aspects using Edward T. Hall's concept of high- and low-context cultures. (20 MARKS)

**QUESTIONS 5**

Any company doing business outside its home country should carefully study the political culture in the target country and analyse salient issues arising from the political environment. Discuss the main factors to consider in assessing the dominant political climate within a country. (20 MARKS)