



**FACULTY OF MANAGEMENT**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**FINAL SUPPLEMENTARY SUMMATIVE ASSESSMENT**

<b>SUBJECT:</b>	BUSINESS MANAGEMENT 3A
<b>CODE:</b>	BMA3B
<b>DATE:</b>	December 2015
<b>TIME ALLOWED:</b>	THREE HOURS
<b>TIME:</b>	TBA
<b>TOTAL MARKS:</b>	150

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<b>ASSESSORS:</b>	DR M BOUNDS DR A MAKKA
<b>MODERATOR:</b>	PROF O FATOKI
<b>NUMBER OF PAGES:</b>	11

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**INSTRUCTIONS:**

1. This is a closed-book assessment.
2. Question papers must be handed in together with your answer books.
3. Read the questions carefully and answer only what is asked.
4. Answer all questions:
  - Answer **section A** on the multiple choice answer sheet.  
Mark **ONLY ONE CHOICE** for each question and indicate your choice by means of a cross (x).
  - Answer **section B and C** in the examination answer book.
5. Number your answers clearly.
6. Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
7. Structure your answers by using appropriate headings and sub-headings.
8. The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

**SECTION B****[40 MARKS]****ANSWER SECTION B IN THE EXAMINATION ANSWER BOOK.****Read the case study below and answer the questions that follow.****NISSAN: LEADING FOR GLOBAL SUCCESS**

Nissan Motor Co., based in Tokyo, is Japan's number two automobile manufacturer. Born in Brazil, raised in Lebanon, and educated in France. Ghosn is a charismatic leader who speaks four languages. He is smooth in public, works constantly, and is committed to organisational goals. He is featured in Japanese comic books, mobbed for autographs during factory tours, and adored throughout Japan for saving a car company once given up for dead.

Under Ghosn's watchful eye, Nissan evolved from a troubled carmaker to a corporate success story in just a few years. He closed inefficient factories, reduced Nissan's workforce, curbed purchasing costs, shared operations with Renault and introduced new products.

**Nissan's organisational culture**

Ghosn defied Japan's often bureaucratic and clubby business culture, for example, by reducing Nissan's steel suppliers from five to three. The CEO of NKK Steel protested that "Toyota would never act in such a way". One of Ghosn's biggest tests was overcoming the denial inside Nissan about the firm's perilous condition. In Japan, large companies are viewed as too big to fail. If the *keiretsu's* banks don't rush to the rescue, then the government will. Ghosn cut through such antiquated thinking to save Nissan.

Corporate Japan often moves slowly and reactively. Ghosn introduced a proactive style, with fast decision making. Senior management at Nissan is now proactive, operating with a sense of urgency even when the firm is not in crisis. The culture is about anticipating problems, putting them on the table, and eliminating them before they happen. Ghosn is always in a rush, relying on decisiveness and delegation – but yielding to consensus when it is passionate. In the style of a true globalist. Ghosn notes that "It's relevant where you are headquartered....the keys are where the jobs are located and where the profits go." To reinforce his global aspirations, Ghosn has made English, not Japanese, the official language of Nissan. Managers who learn English advance faster than those who speak only Japanese. The move puts Nissan in a clear footing to change its organisational culture and become a global firm.

**Ghosn's leadership style**

Ghosn dislikes long meetings. Instead of spending a lot of time analysing and discussing, he prefers action. At Nissan, he pushed top staff to meet tough sales targets and promised publicly that the entire management team would resign if it didn't meet the targets. He inspires the workforce by communicating with them on the factory floor. Even the most mundane events were handled like big media shows. One Nissan earnings news conference opened with loud music and dazzling video shorts of zooming cars.

**Global production**

Senior management set up a company in Amsterdam – Renault-Nissan BV – which offers a neutral forum where both firms can map out common strategy for product engineering, model development, and computer systems and leverage their combined size to squeeze

suppliers for lower costs. Renault-Nissan's board of directors consists of four members from each organisation.

### **The future of automobile industry growth – emerging markets**

In the coming decade, hundreds of millions of Indians, Chinese, Russians, Brazilians and others will join the ranks of the middle class and will have automobiles high in their list of wanted items. The Logan is key to Ghosn's success in emerging markets. Many of these sales will be in China and India. The company plans to build a low-cost pickup truck based on the Logan for sale in Southeast Asia, South Africa and the Middle East. Renault-Nissan originally planned to sell the Logan only in emerging markets, but the Logan became available for sale in Western Europe in 2005. Demand has been exceedingly strong because of the high quality and low price.

### **Renault-Nissan in emerging markets**

At Renault, Ghosn is charging ahead an ambitious restructuring plan. He is expanding Renault's potential beyond Europe, especially into Eastern Europe, India, Iran, Russia and South Korea. He aims to increase international sales of Renault to nearly half the firm's total production. Part of the rationale for the expansion is to reduce production in France, which had become costly, in part due to strong union demands. Renault also acquired full control of Samsung Motors, making South Korea an important base for both Renault and Nissan.

Source: Cavusgil, S.T., Knight, G. & Riesenberger, J.R. . *International Business: Strategy, Management and the New Realities*. Upper Saddle River: Pearson Education.

## **QUESTION 1**

- 1.1 Identify the kind of leader that Ghosn is and explain the traits Ghosn possesses that are typical of the identified leader. (6)
- 1.2 Identify the nature of Nissan's emerging market strategy. Use examples from the case study to support your answer. (5)
- 1.3 Describe organisational culture and list the ways in which Carlos Ghosn contributes to Nissan's culture. (10)
- 1.4 Explain why Nissan have more than one motive for international expansion. List and explain SIX specific motivations why organisations pursue Internationalisation strategies. (14)
- 1.5 List the FOUR risks in internationalisation. Which risk is divulge in the case study. (5)

**SECTION C****[85 MARKS]****QUESTION 2****[15 MARKS]**

While country risk **can** occur anywhere, country risk **is** more common in nations with substantial government intervention.

Suggest five specific strategies that managers can employ to manage country risk.

**QUESTION 3****[23 MARKS]**

3.1 A national industrial policy is a proactive economic development plan initiated by the public sector, often in collaboration with the private sector that aims to develop or support particular industries within the nation.

Briefly explain the key characteristics of national industrial policies. (8)

3.2 Michael Porter's theory of national competitive advantage is seen as one of the most important trade theories. Describe, by using examples the four major elements of Michael Porter's theory. (15)

**QUESTION 4****[15 MARKS]**

Many firms confront new opportunities and threats that arise from **regional economic integration**. Describe FIVE implications that economic integrations have for firms.

**QUESTION 5****[9 MARKS]**

Explain three reasons why emerging markets are attractive as target markets to internationalising firms.

**QUESTION 6****[8 MARKS]**

The integration-responsiveness framework presents four distinct strategies for internationalising firms. Briefly explain the distinct characteristics of the four strategies.

**QUESTION 7****[15 MARKS]**

Discuss any FIVE benefits experienced by focal firms which participate in **global sourcing**. Provide examples with each benefit to illustrate your answer.

**END OF ASSESSMENT**