

**True or False?**

1. Due to solid economic reforms in the early 1800s and a free trade agreement with the EU Turkey was considered an attractive location for business, especially for labour intensive industries.

ANS: F

2. The resource-based view analyzes how formal and informal institutions affect firms and other economic actors

ANS: F

3. Informal institutions include edicts and regulations issues by governmental authorities.

ANS: F

4. China's economic transition has frequently been described as a 'big bang', whereas Russian economic transition has frequently described as 'gradual'.

ANS: F

5. Autocracy is a political system in which the legitimacy of government is derived from its election by the citizens of the country.

ANS: F

6. Common law has been derived from Roman law, and has been influenced by the legal code introduced in France after the French Revolution.

ANS: F

7. Corporate governance refers to the rules by which shareholders and other interested parties control corporate decision makers.

ANS: T

## Multiple Choice

8. Which of the following are pillars of the institutional framework as described by sociologist Richard Scott?
- a) Cognitive
  - b) Normative
  - c) Regulatory
  - d) All of the above answers

ANS: D

9. Which of the following represents a category of institutions introduced by economic historian Douglas North?
- a) Formal
  - b) Informal
  - c) Formal and informal
  - d) Neither formal nor informal

ANS: C

10. What is *not* a characteristic of a market economy?
- a) Buyers and sellers meeting in a market
  - b) Prices react to changes in supply and demand
  - c) Businesses planning production to supply the market in the future
  - d) Business producing according to an economy-wide central plan

ANS: D

11. Which of the following represents a form of property right?
- a) Ownership of a house
  - b) Copyright
  - c) Shareholdings
  - d) All of the above answers

ANS: D

12. Walter Eucken is known as a key intellectual inspiration for which scholarly school of thought?
- a) The institution-based view
  - b) The varieties of capitalism view

- c) The legal traditions view
- d) The German form of market economy

ANS: D

13. Political risk is associated with the possibility of which type of event?

- a) The nationalization of a company's assets abroad
- b) The elimination of tariffs subsequent to a company investing in local production
- c) Civil unrest
- d) All of the above

ANS: D