

**1**

**Expert urge the Indian government to speed reform along by taking which of the following steps?**

- (A) enforce labor laws.
- (B) regulate various industries.
- (C) limited tariff reductions.
- (D) encourage private banking and relax currency restrictions.
- (E) all of these.

**Answer:**

(D) encourage private banking and relax currency restrictions.

**2**

**Which country is had the largest share of FDI inflows in 2012?**

- (A) China.
- (B) the UK.
- (C) the US.
- (D) Canada
- (E) India

**Answer:**

(C) the US.

**Feedback:** p.7

**3**

**The total value of economic activity in a country is:**

- (A) Gross domestic product.
- (B) Foreign direct investment.
- (C) Sanctions.
- (D) Free trade.
- (E) Economic diversification.

**Answer:**

(A) Gross domestic product.

**Feedback:** p.8

**4**

**Developing countries often offer companies**

- (A) highly skilled labor and tax breaks.
- (B) small markets and limited infrastructure.

**Answer:**

(C) cheap labor and new markets.

(C) cheap labor and new markets.

(D) well developed infrastructure and cheap labor.

(E) highly skilled labor and new markets.

**5**

**An example of an industry that operates on a global basis is:**

(A) Healthcare.

(B) Auto repairs.

(C) Employment services.

(D) Appliance makers

(E) All of these.

**Answer:**

(D) Appliance makers

**Feedback:**

p.6

**6**

**In terms of evolving MNCs, in which era did (or do) MNCs have difficulty integrating ideas across the company?**

(A) Expansionism

(B) Paternalism

(C) Ethnocentrism

(D) Liberalism

(E) Relativism

**Answer:**

(A) Expansionism

**Feedback:**

p.72

**7**

**In general, which factors make effective management most critical in the international environment?**

(A) Currency fluctuations and trade agreements.

(B) International conflicts and political risk.

(C) The speed of change and complexity of business.

(D) Increased product diversity and currency fluctuations.

(E) Political risk and the increase in capitalism.

**Answer:**

(C) The speed of change and complexity of business.

**Feedback:**

p.5

8

**Which of the following are significant issues faced by business in Russia?**

- (A) Inflation.
- (B) Infrastructure.
- (C) Bribery and corruption.
- (D) Legal reform.
- (E) All of these.

**Answer:**

(E) All of these.

**Feedback:** p.20

9

**\_\_\_\_\_ is the ongoing connecting process between nations of their business organizations, people, economies, political systems, and cultures**

- (A) Globalization.
- (B) Internationalization.
- (C) Free trade.
- (D) Industrialization
- (E) Guanxi.

**Answer:**

(A) Globalization.

**Feedback:** p.1

10

**\_\_\_\_\_ refers to an extremely tough, internationally focused, and growing business environment.**

- (A) Competitive intensity.
- (B) Chaebol.
- (C) Globalization.
- (D) Multinational.
- (E) Keiretsu.

**Answer:**

(A) Competitive intensity.

**Feedback:** p.18

11

**Which of the following is not one of the top ten threats for**

**international business?**

- (A) Loss of critical talent
- (B) Cost of capital.
- (C) Currency fluctuation.
- (D ) Price deflation.
- (E) Executive salaries.

**Answer:**

(E ) Executive salaries.

**Feedback:**

p.6

**12**

**South America's largest source of economic power comes from:**

- (A) Ecuador, Brazil, and Argentina.
- (B) Brazil, Argentina, and Chile.
- (C) Chile, Peru, and Brazil.
- (D ) Uruguay, Peru, and Brazil.
- (E) Chile, Ecuador, and Argentina.

**Answer:**

(B ) Brazil, Argentina, and Chile.

**Feedback:**

p.12

**13**

**Mercosur**

- (A) consists of Argentina, Brazil, Paraguay, and Uruguay.
- (B) stands for Mercado Común del Sur or the Southern Cone Common Market.
- (C) countries export more to the EU and the US than to other countries in South America
- (D ) also has bilateral free-trade agreements with Chile and Bolivia.
- (E) involves all of these.

**Answer:**

(E ) involves all of these.

**Feedback:**

p.13

**14**

**The European Union was launched by the signing of the:**

- (A) EU Doctrine.
- (B) League of Nations.

**Answer:**

(C)Maastricht Treaty.

(C) Maastricht Treaty.

(D ) NAFTA.

(E) WTO.

**15**

**Collective mental programming that distinguishes one group of people from another:**

(A) culture

(B) politics

(C) beliefs

(D ) behavior.

(E) values.

**Answer:**  
(B) politics

**Feedback:** p.37

**16**

**Which of the following is important for a company to take advantage of opportunities in the global market place?**

(A) local networks.

(B) dominance in the home market.

(C) supportive corporate culture.

(D ) backing of state and local government.

(E) all of these.

**Answer:**  
(C ) supportive corporate culture.

**Feedback:** p.6

**17**

**By scattering its production facilities around the world, a company:**

(A) risks limited growth

(B) positions itself for a reduction in political risk

(C) practices natural hedging

(D ) is sure to do well

**Answer:**  
(C ) practices natural hedging

**Feedback:** p.28

(E) does none of these.

**18**

**Purchasing currency options at a fixed exchange rate for a period of time in the hopes of guarding against fluctuations is called:**

(A) natural selection.

(B) hedging.

(C) currency insurance.

(D ) exchange rate risk.

(E) forwarding.

**Answer:**

(B)hedging.

**Feedback:** p.28

**19**

**As a potential market, South Africa offers:**

(A) an excellent infrastructure.

(B) abundant resources.

(C) growing high-tech industry.

(D ) an open government and good legal system.

(E) All of these.

**Answer:**

(E)All of these.

**Feedback:** p.25

**20**

**GE's CEO put it simply, China is big, but is hard for doing business because:**

(A) of its strong legal system.

(B) transparent government policies.

(C) tendency to rely on rules and laws rather than on relationships.

(D ) the pace of business is frenetic, in terms of foreign and domestic competition.

(E) all of the above.

**Answer:**

(D the pace of business is frenetic, in terms of foreign and ) domestic competition.

**Feedback:** p.14

21

In terms of population, some estimate that \_\_\_\_\_ will surpass China as the biggest potential market in the world.

- (A) Africa.
- (B) the US.
- (C) India.
- (D) Brazil.
- (E) Mexico.

**Answer:**

(C) India.

**Feedback:** p.15

22

India's biggest impact on the global economic scene is probably in:

- (A) Information technology.
- (B) Shoe manufacturing.
- (C) Automobile manufacturing.
- (D) The food industry.

**Answer:**

(A) Information technology.

**Feedback:** p.5

23

Countries that have structural problems and are highly dependent on overseas markets

- (A) are most susceptible to corruption.
- (B) often have dramatic currency fluctuations.
- (C) always have human rights problems.
- (D) tend to be most vulnerable to economic shocks
- (E) have cheap labor and an abundance of natural resources.

**Answer:**

(D) tend to be most vulnerable to economic shocks

**Feedback:** p.13

24

A key goal for the WTO is to

- (A) help developing countries grow.
- (B) increase world GDP by 20%.

**Answer:**

(D) 0

**Feedback:** p.5

- (C) keep member nations from disputing trade rules.
- (D) 0
- (E) reduce barriers and stimulate trade around the world.

**25**

**Experts believe that globalization will lead to all of the following except**

- (A) disappearance of tariffs.
- (B) emergence of worldwide accounting process
- (C) business practices encouraging competition.
- (D) decrease in international cooperation
- (E) increase in technology.

**Answer:**

(D) decrease in international cooperation

**Feedback:**

p.4

**26**

**Transnational firms have cultures where organizational diversity is a core value.**

- (A) True
- (B) False

**Answer:**

(A) True

**Feedback:** International corporations and their evolution

**27**

**Today, South Africa is both a rich and a poor country, one with extreme income gaps as well as abundant natural resources.**

- (A) True
- (B) False

**Answer:**

(A) True

**Feedback:** Africa

**28**

**South Korea needs to continue to reform the chaebol in order to expand economically.**

- (A) True

**Answer:**

(A) True

**Feedback:** South Korea

(B  
) False

29

**The Gross Domestic Product (GDP) is growing at a slower rate in developing countries than the Triad.**

(A  
) True

**Answer:**  
(B) False

(B  
) False

**Feedback:** The hottest areas for growth and investment

30

**Much of the growth in international business is occurring inside the traditional economic powerhouses such as the US, Germany, and Japan.**

(A  
) True

**Answer:**  
(B) False

(B  
) False

**Feedback:** The hottest areas for growth and investment

31

**NAFTA's implementation was a big boost to the maquiladora sector.**

(A  
) True

**Answer:**  
(A) True

(B  
) False

**Feedback:** The Americas, p. 11

32

**WTO is the only organization that governs international trade.**

(A  
) True

**Answer:**  
(B) False

(B  
) False

**Feedback:** Globalization and the World Trade Organization

33

**Over time, multinationals have not changed their geographic scope or orientation toward foreign subsidiaries.**

(A  
) True

**Answer:**  
(B) False

(B  
) False

**Feedback:** Figure 1.7

**34**

**Volatile currency fluctuations underscore the impact of rapidly shifting business conditions as well as the use of technology by sophisticated investors.**

(A  
) True

**Answer:**  
(A) True

(B  
) False

**Feedback:** Currency volatility

**35**

**Foreign direct investment includes only the flow of money into a country from outside its borders.**

(A  
) True

**Answer:**  
(B) False

(B  
) False

**Feedback:** The hottest areas for growth and investment

**36**

**WTO is the only organization that governs international trade.**

**Answer:**

**Feedback:** Globalization and the World Trade Organization

**37**

**What kind of advice is given to companies interested in doing business in Russia?**

(A) work with Russian oligarchs in Russia

(B) Be prepared to pay large bribes in order to succeed

(C) Focus on locations with the best local government reputations

(D) Invest in strategic industries such as oil and telecommunications

(E) All of this good advice for doing business in Russia

**Answer:**  
(C Focus on locations with the best local government reputations)

**Feedback:**

p. 22

**38**

**The primary motivation for offshoring is:**

- (A) cheaper labor
- (B) finding better employees
- (C) lower turnover amongst employees, especially in call centers
- (D) do not have to worry about annual pay increases
- (E) more intellectual property controls elsewhere

**Answer:**

(A) cheaper labor

**Feedback:**

p.30

**39**

**All of the following are reasons for why companies are reshoring except for:**

- (A) cultural challenges
- (B) underestimated costs
- (C) better quality and intellectual property control
- (D) spending too much time fixing production problems in other countries
- (E) all of the above are reasons for reshoring

**Answer:**

(E) all of the above are reasons for reshoring

**Feedback:**

p.31

**40**

**Why is India lagging China in terms of economic growth?**

- (A) its FDI is relatively higher than China's
- (B) a lower literacy rate
- (C) lacks well educated, English speaking high tech labor
- (D) more competitive intensity than China
- (E) the use of guanxi

**Answer:**

(B) a lower literacy rate

**Feedback:**

p. 15

**41**

**What kind of advice is given to companies interested in doing business in Russia?**

- (A) work with Russian oligarchs in Russia
- (B) Be prepared to pay large bribes in order to

**Answer:**

(C) Focus on locations with the best local government reputations

succeed

- (C) Focus on locations with the best local government reputations
- (D) Invest in strategic industries such as oil and telecommunications
- (E) All of this good advice for doing business in Russia

**Feedback:**

p. 22

**42**

**Which of the following is true, in terms of the hottest areas for growth and investment?**

- (A) In terms of FDI in developing countries, India and Brazil are leading the pack
- (B) American firms are focusing more on developing countries which have been growing at a faster rate than developed countries
- (C) The U.S. is no longer the single biggest recipient of FDI among developed countries
- (D) Trade among U.S., Japan and EU is becoming more important
- (E) None of the above are true

**Answer:**

(B) American firms are focusing more on developing countries which have been growing at a faster rate than developed countries

**Feedback:**

p.7

**43**

**The primary motivation for offshoring is:**

- (A) cheaper labor
- (B) finding better employees
- (C) lower turnover amongst employees, especially in call centers
- (D) do not have to worry about annual pay increases
- (E) more intellectual property controls elsewhere

**Answer:**

(A) cheaper labor

**Feedback:**

p.30

**44**

**The primary motivation for offshoring is:**

- (A) cheaper labor
- (B) finding better employees
- (C) lower turnover amongst employees, especially in

**Answer:**

(A) cheaper labor

**Feedback:**

p.30

call centers

- (D) do not have to worry about annual pay increases
- (E) more intellectual property controls elsewhere

45

**By scattering its production facilities around the world, a company:**

- (A) risks limited growth
- (B) positions itself for a reduction in political risk
- (C) practices natural hedging

**Answer:**

(C) practices natural hedging

(D) is sure to do well

**Feedback:**

p.28

(E) does none of these.

46

**Which of the following is true, in terms of the hottest areas for growth and investment?**

- (A) In terms of FDI in developing countries, India and Brazil are leading the pack
- (B) American firms are focusing more on developing countries which have been growing at a faster rate than developed countries
- (C) The U.S. is no longer the single biggest recipient of FDI among developed countries
- (D) Trade among U.S., Japan and EU is becoming more important
- (E) None of the above are true

**Answer:**

(B) American firms are focusing more on developing countries which have been growing at a faster rate than developed countries

**Feedback:**

p.7

47

**In general, which factors make effective management most critical in the international environment?**

- (A) Currency fluctuations and trade agreements.
- (B) International conflicts and political risk.
- (C) The speed of change and complexity of business.
- (D) Increased product diversity and currency

**Answer:**

(C) The speed of change and complexity of business.

**Feedback:**

p.5

) fluctuations.

(E) Political risk and the increase in capitalism.

48

**Foreign direct investment is a good measure of a country's prospects on the international business stage, either as an existing market or an emerging one.**

(A  
) True

**Answer:**  
(A) True

(B  
) False

**Feedback:** The hottest areas for growth and investment