

Name

Class

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Chapter 1 – Strategizing Around the Globe

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1. The opening case is an example of how global companies hire employees locally and then train employees to work in other countries.

- a. True
- b. False

ANSWER:

False

2. In the opening case, Samsung's Global Strategy Group has demonstrated that cultural integration is difficult, with retention rates below two-thirds.

- a. True
- b. False

ANSWER:

True

3. Within Samsung's Global Strategy Group, Korean colleagues have had to change their work styles to accommodate Westernized practices.

- a. True
- b. False

ANSWER:

True

4. As demonstrated at Samsung, it is easier for Westerners to adapt to Eastern work styles than for Easterners to adapt to Western work styles.

- a. True
- b. False

ANSWER:

False

5. A multinational enterprise rarely engages in foreign direct investment.

- a. True
- b. False

ANSWER:

False

6. A typical "one-size-fits-all" strategy remains the most effective for firms "going global."

- a. True
- b. False

ANSWER:

False

7. The current brand of "global strategy" seems relevant only for multinational enterprises from developed countries, primarily North America, Europe, and Japan.

- a. True
- b. False

ANSWER:

True

8. In the global economic pyramid, the top tier includes the 2 billion people whose annual per capita income is greater than US\$20,000.

- a. True

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b. False

ANSWER: False

9. Global strategy has, in the past, been primarily focused on markets that consist of those people who are in the bottom tier of the global economic pyramid.

a. True
b. False

ANSWER: False

10. A SWOT analysis resonates well with Sun Tzu's teachings.

a. True
b. False

ANSWER: True

11. If a strategy (theory) is truly successful, it will work not just for one firm but for all others as well.

a. True
b. False

ANSWER: False

12. If done well, a SWOT analysis will turn unrealized strategies into intended strategies.

a. True
b. False

ANSWER: False

13. The two primary purposes of a theory are to explain the past and predict the future.

a. True
b. False

ANSWER: True

14. The concept of strategy as integration means that strategy is a combination of planned deliberate actions and unplanned emergent activities.

a. True
b. False

ANSWER: True

15. The quality of management practices around the world does not seem to correlate well with the level of economic development.

a. True
b. False

ANSWER: True

16. The Japanese use a formal system of interlocking business groups and relationships, known as guanxi, in determining business strategies.

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- a. True
- b. False

ANSWER: True

17. The three key perspectives of strategy as a discipline include industry-based, resource-based, and labor-based views.

- a. True
- b. False

ANSWER: True

18. Companies use balanced scorecards to summarize business information into a smaller number of critical factors.

- a. True
- b. False

ANSWER: True

19. Determining the scope of the firm involves not only growth of the firm but also contraction.

- a. True
- b. False

ANSWER: True

20. The text stresses that realism indicates that all companies should “go global” and endeavor to do so as quickly as possible in view of the vast opportunities that exist.

- a. True
- b. False

ANSWER: False

21. The industry-based view posits that the degree of competitiveness in an industry largely determines firm performance.

- a. True
- b. False

ANSWER: False

22. The resource-based view suggests that firm-specific capabilities do not drive performance differences.

- a. True
- b. False

ANSWER: True

23. The institution-based view argues that institutional forces provide an answer to similarities in firm performance but not differences.

- a. True
- b. False

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ANSWER: False

24. The more traditional meaning of *global strategy* is any strategy outside one's home country.

- a. True
- b. False

ANSWER: True

25. The textbook's goal is to approach global strategy as the way that both domestic firms and foreign entrants compete successfully.

- a. True
- b. False

ANSWER: True

26. In discussions of globalization, a case can be made for both extensive cultural integration as well as the promotion of inequality.

- a. True
- b. False

ANSWER: True

27. Although global strategy is associated with business, the term *globalization* means the close integration of countries and peoples of the world.

- a. True
- b. False

ANSWER: True

28. The earliest MNEs existed in some form thousands of years ago in the Assyrian, Phoenician, and Roman empires.

- a. True
- b. False

ANSWER: True

29. According to the text, today's most successful MNEs far exceed the historical clout of some MNEs such as Britain's East India Company during colonial times.

- a. True
- b. False

ANSWER: False

30. During the second half of the twentieth century, Hong Kong, Singapore, South Korea, and Taiwan, refused to participate in the global economy and became known as the "Four Toothless Tigers."

- a. True
- b. False

ANSWER: False

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31. During the 1990s there was an increase in both global trade and opposition to global trade.

- a. True
- b. False

ANSWER: True

32. Semiglobalization involves doing business in either the Northern or Southern Hemisphere but not both.

- a. True
- b. False

ANSWER: False

33. The recession that began in 2008 led to an increase in protectionist measures.

- a. True
- b. False

ANSWER: True

34. The pendulum view of globalization explains the steady expansion and contraction of individual nations' economies.

- a. True
- b. False

ANSWER: True

35. China in the 1970s is an example of an emerging economy.

- a. True
- b. False

ANSWER: True

36. Standardization in markets is the main goal of semiglobalization.

- a. True
- b. False

ANSWER: False

37. When surveyed about the benefit of globalization, a higher percentage of the American general public saw globalization as good for strengthening the economics of poor countries than as good for U.S. consumers.

- a. True
- b. False

ANSWER: True

38. U.S. business students have positive views similar to those of the general public.

- a. True
- b. False

ANSWER: True

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39. According to the text, business students may tend to focus more on the economic gains of globalization, and be less concerned with its darker sides.

- a. True
- b. False

ANSWER: True

40. A lot of opponents of globalization are nongovernmental organizations (NGOs), such as environmentalists and consumer groups.

- a. True
- b. False

ANSWER: True

41. Multinational enterprises (MNEs) are firms that:

- a. Engage in foreign direct investment (FDI).
- b. Delegate control of value-adding activities in other countries.
- c. Standardize strategies across all business units.
- d. None of the above.

ANSWER: a

42. Which of the following best describes foreign direct investment (FDI)?

- a. A firm's direct investment in production and/or service activities abroad.
- b. The purchases of foreign securities by people within the United States.
- c. The purchases of U. S. securities by people from other countries.
- d. Avoidance of brokers or other financial intermediaries when making foreign investments.

ANSWER: a

43. Which of the following best defines "Triad" as the term is used in the text?

- a. The United States, Japan, and Germany.
- b. The United States, Canada, and Mexico.
- c. North America, Europe, and Japan.
- d. The U.S. dollar, the Euro, and the Yen.

ANSWER: c

44. According to the text, the current brand of "global strategy" seems relevant only for MNEs from:

- a. BRIC.
- b. The Triad.
- c. OPEC nations.
- d. NAFTA.
- e. The E. U.

ANSWER: b

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45. Emerging economies (or emerging markets):

- a. Now command a full one-half of the worldwide FDI flow.
- b. Command half of the global gross domestic product (GDP) measured at purchasing power parity.
- c. Consist of countries which are in a state of decline but which are believed to have potential for growth.
- d. Despite their growth, they still command less than 10% of global GDP.

ANSWER:

b

46. BRIC refers to:

- a. Brazil, Russia, India, and China.
- b. Bolivia, Romania, Indonesia, and Columbia.
- c. Bulgaria, Belgium, Romania, Italy, and Canada.
- d. Bahrain, Russia, Iran, and China.

ANSWER:

a

47. Many BRIC local firms are:

- a. Focused only on competing globally.
- b. Growing their absolute GDP but failing to increase their percentage of world GDP.
- c. Inadequate in mounting any competitive threat to Triad-based MNEs.
- d. Effectively competing at home.

ANSWER:

d

48. The notion of global strategy as a one-size-fits-all:

- a. Adds to local responsiveness.
- b. Provides the best way for companies to compete with domestic rivals as well as international rivals.
- c. Fails to adequately accommodate firms in emerging economies.
- d. Looks primarily at how MNEs compete with their domestic rivals in foreign countries.

ANSWER:

c

49. When looking at the global economy as a pyramid, MNEs:

- a. Traditionally believed no money was to be made in base of the pyramid markets.
- b. Are based almost exclusively in the top tier.
- c. Face little competition from emerging markets at any level of the pyramid.
- d. Tend to target the population at the base of the pyramid.

ANSWER:

a

50. GE developed a portable electrocardiograph machine originally for doctors in India and China that is now being sold in the United States at a significantly lower price than comparable products. This product is an example of:

- a. Foreign direct investment.
- b. Reverse innovation.

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- c. Intended strategy.
- d. Intended strategy.

ANSWER: b

51. MNEs are increasingly finding that:

- a. The strategy that works in their domestic market will most likely work best in foreign markets.
- b. Tailoring strategies for particular markets is costly and often ineffective.
- c. The quest for worldwide cost reduction and consolidation in global strategy has sacrificed local responsiveness.
- d. Strategies targeted to emerging markets work best in developed markets as well.

ANSWER: c

52. A primary reason to study global strategy is:

- a. Strategy consultants with global experience are highly paid.
- b. Understanding how strategic decisions are made can facilitate business careers.
- c. Domestic employers are finding themselves working with foreign suppliers and buyers more and more often.
- d. All of the above.

ANSWER: d

53. Strategy:

- a. Dates back to 500 B.C. and the work of the strategist Sun Tzu of China.
- b. Applies concepts developed by Napoleon.
- c. In business competition uses principles distinctly different from military operations.
- d. Is a fairly recent modern concept.

ANSWER: a

54. A hallmark of theory building and development is:

- a. The outcome of a test.
- b. Replication.
- c. Intuition.
- d. Consensus.

ANSWER: b

55. Overall, strategy is:

- a. A rulebook.
- b. A blueprint.
- c. A set of programmed instructions.
- d. None of the above.

ANSWER: d

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56. Strategic management is essentially:

- a. Follows a one-size-fits-all philosophy.
- b. A military concept rather than a business concept.
- c. The way a firm goes about competing successfully from a “big picture” perspective.
- d. None of the above.

ANSWER:

c

57. The school of thought that views strategy as the outcome of rigorous formal planning is based on:

- a. The work of Carl von Clausewitz, a Prussian military strategist.
- b. Sun Tzu’s book *The Art of War*.
- c. Mintzberg’s ideas of bottom-up feedback.
- d. Liddell Hart’s set of goal-oriented actions.

ANSWER:

d

58. Mintzberg advocated strategy as action in which:

- a. Intended strategy is always superseded by emergent strategy.
- b. Emergent strategy can arise in addition to intended strategy.
- c. Top-down planning is most conducive to emergent strategy.
- d. Bottom-up planning and flexibility are avoided as part of strategic planning.

ANSWER:

b

59. Chandler advocated strategy as integration, a perspective in which:

- a. Intended strategy is always superseded by emergent strategy.
- b. Strategy is neither solely about plan nor action, but integrates both.
- c. Top-down planning integrates a “know yourself” philosophy.
- d. Bottom-up planning and flexibility are avoided as part of strategic planning.

ANSWER:

b

60. Which of the following is NOT an advantage of “strategy as theory”?

- a. It integrates both planning and action schools.
- b. It requires both replications and experimentations.
- c. It encompasses an understanding of the difficulty of strategic change.
- d. It serves the single purpose of prediction.

ANSWER:

d

61. When it comes to strategic work as defined by A. G. Lafley, CEOs are primarily responsible for:

- a. Overseeing the tactical aspects of a firm’s work.
- b. Shaping the values and standards of the firm.
- c. Calling and presiding over strategy meetings.

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- d. Delegating the responsibility for making strategic choices .

ANSWER:

b

62. Much of our knowledge about “the firm” is from research on firms in:

- a. Anglo-American capitalism.
- b. Japan after World War II.
- c. German mathematical models.
- d. Emerging markets.

ANSWER:

a

63. The word _____ has now become the most famous Chinese business word to appear in English-language media.

- a. keiretsu
- b. guanxi
- c. chaebol
- d. blat

ANSWER:

b

64. The _____ view primarily focuses on the _____ in a SWOT analysis.

- a. Industry-based; OT
- b. Resource-based; OT
- c. Industry-based; SW
- d. Resource-based; SW

ANSWER:

a

65. In an institution-based view of strategy, the informal rules of the game:

- a. Must be avoided because global business is not a mere game.
- b. Are being replaced by formal rules.
- c. Often require that the firm seek to change the informal rules instead of going along with those rules.
- d. Need to be understood by firms.

ANSWER:

d

66. Diversification:

- a. Is a relatively new concept in Western business .
- b. Is believed by Western media to destroy value in emerging economies.
- c. Is a poor idea and results in lower or no profitability in emerging economies.
- d. Should be dismantled in emerging economies, based on recent research.

ANSWER:

b

67. In looking at strategy, the authors address all of the following questions EXCEPT:

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- a. Why do firms differ?
- b. How do firms behave?
- c. What determines the scope of the firm?
- d. Is strategy really necessary in business?

ANSWER: d

68. The Japanese practice of employing a network form of supplier management rather than using costly acquisitions that is common in the West is known as:

- a. Keiretsu.
- b. Guanxi.
- c. Chaebol.
- d. Blat.

ANSWER: a

69. Part of China's economic growth has been attributed to guanxi, which is:

- a. A process of rapid acquisition and divestment.
- b. Formal institutional structures.
- c. The nouveau riche of China.
- d. Interpersonal networks and relationships.

ANSWER: d

70. When reviewing the diversity of management practices around the world, the quality of management practices:

- a. Depends on the interpersonal relationships among managers.
- b. Is tightly related to size of firm, economic development of markets, and formal structures.
- c. Seems to correlate with the level of economic development.
- d. Relies heavily the assessment of external opportunities and threats.

ANSWER: c

71. A resource-based view of strategy sees a firm's success as primarily dependent on:

- a. A firm's opportunities and threats.
- b. A firm's strengths and weaknesses.
- c. The competitive forces of the firm's market.
- d. The formal and informal rules of the game.

ANSWER: b

72. In determining the success and failure of firms around the globe, strategic managers will look at :

- a. How to acquire, leverage, and sustain competitive advantage over time.
- b. A comparative analysis of industry-based, resource-based, and institution-based practices.
- c. How to best standardize a firm's products and services on a worldwide basis.
- d. A standardized balanced scorecard across industries.

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ANSWER:

a

73. “Global strategy” refers to:

- a. A particular theory on how to compete.
- b. Offering standardized products and services on a worldwide basis.
- c. Strategy of firms around the globe—essentially various firms’ theories about how to compete successfully.
- d. All of the above.

ANSWER:

d

74. Globalization is viewed as:

- a. A new force sweeping through the world in recent times.
- b. A long-run historical evolution since the dawn of human history.
- c. A pendulum that swings from one extreme to another from time to time.
- d. All of the above.

ANSWER:

d

75. Which of the following was the first to express concern about international competition from low-cost countries?

- a. American political leaders in the twenty first century.
- b. Union leaders in the last half of the twentieth century.
- c. A first-century Roman emperor.
- d. The King of England in the late 1700s.

ANSWER:

c

76. The current era of globalization originated in the aftermath of:

- a. World War I.
- b. World War II.
- c. The Vietnam Conflict.
- d. The Gulf War.

ANSWER:

b

77. For those who view globalization as a “pendulum,” the practice of _____ to identify and assess as well as minimize the effects of unfortunate events is important.

- a. risk management
- b. strategy as action
- c. intended strategy
- d. SWOT analysis

ANSWER:

a

78. Viewing each country as a unique market and therefore somewhat isolated is known as _____, whereas

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_____ sees market integration as subject to some barriers that do not totally insulate those markets.

- a. antiglobalization; localization
- b. localization; globalization
- c. globalization; semiglobalization
- d. localization; semiglobalization

ANSWER:

b

79. The values and beliefs about globalization held by the general public are:

- a. Nearly identical to those held by executives, policymakers, and scholars.
- b. Nearly identical to those held by current business school students, but different from those of executives, policymakers, and scholars.
- c. Much more positive than those held by executives, policymakers, and scholars.
- d. More negative than those held by current business school students.

ANSWER:

b

80. When looking at globalization, many executives, policymakers, and scholars:

- a. Consistently side with nongovernmental organizations in opposing globalization.
- b. See more costs than benefits in globalization as it exists today.
- c. Fail to take into sufficient account the social, political, and environmental costs associated with globalization.
- d. Recognize that most other members of society share the same view of globalization.

ANSWER:

c

81. What is the difference between developed economies and emerging economies? Give examples of countries that would be considered to have developed economies and those that have emerging economies.

ANSWER: Students may point out that the distinction between the two types of economies is typically based on a country's annual per capita income. They may further note that about 15% of the world's population is in the top tier of the global economy pyramid with annual per capita income greater than US\$20,000, whereas about 70% at the bottom of the pyramid have annual per capita income less than US\$2,000. Countries that would be considered emerging, or fast-growing, economies would include BRIC (Brazil, Russia, India, and China). Developed economies can be found in North America, Europe, and Japan—the Triad.

82. How can principles of military strategy be useful in developing a global business strategy? Explain by using SWOT analysis.

ANSWER: Students may point out that military strategy involves developing a clear idea of goals and objectives, an understanding of the barriers to achieving those objectives (such as the opponents), the development of capabilities to overcome those barriers and the selection of the best alternative means of achieving the objectives under specific circumstances. Business firms can benefit by doing the same thing. They need to start by examining their current situation which includes an understanding of their internal strengths (S) and weaknesses (W) and how that can affect the strategy they use to deal with their external opportunities (O) and threats (T).

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83. Describe Liddell Hart’s “strategy as action” concept. Explain Mintzberg’s theory about strategy and how it is similar to Hart’s.

ANSWER: An answer should attribute “strategy as a set of flexible goal-oriented actions” in which strategy is reflected by a firm’s pattern of actions in which the firm uses rapid flexible actions to avoid direct confrontation with opponents. Mintzberg recognized that intended or planned strategy may not come about exactly as planned, and in such situations emergent strategy that comes more from the bottom up in the form of decisions and responses to situations are important.

84. The text points out that not all firms should go global. In view of the vast opportunities, why should some firms not pursue international business?

ANSWER: Many will point out that success in one market or part of the world does not assure that the firm will be able to be successful with its product and strategy in some other part. Much depends on whether it will be able to modify its product or its strategy so as to be successful in the country it seeks to enter. Timing may also be off either in terms of market readiness or development of the firm’s capabilities.

85. Describe how strategy is not “a rulebook” but rather a theory. What advantages does “strategy as theory” have?

ANSWER: Many will point out that rulebooks are more rigid and set, less adaptable than businesses often need their strategy to be. Theory on the other hand, is an expression a collection of ideas on how to do something successfully, such as how to compete successfully in business. Effective theory-building does the following: integrates both planning and action schools; leverages the concept of theory that provides both explanation and prediction; can be replicated; and takes into consideration the difficulties of strategic change.

86. Having valuable, unique, and hard-to-imitate capabilities may be advantageous in doing business globally. However, what is the problem with trying to maintain that advantage?

ANSWER: There are many possible ways to answer this question. Some may argue that it is much like being on a treadmill in which one must keep moving forward just to stay in place. What is valuable today may lose its value as changes occur in technology and markets. Other firms in other parts of the world may develop alternatives that imitate or even exceed one’s capabilities or render them no longer unique. As firms expand production around the world, they may in fact be helping to train others to compete with them.

87. Describe the way in which a firm might use a balanced scorecard.

ANSWER: There are many possible ways to answer this question. A balanced scorecard should effectively and efficiently convey to strategists a summary of information that answers the following questions, among other: How do customers see us? What must we excel at? Can we continue to improve and create value? How do we look to shareholders?

88. Why is there a backlash against globalization, and how do aspects of that backlash actually enhance globalization?

ANSWER: As the text points out, many incorrectly assume that globalization is a new force that is enabling emerging economies to take away both low-end manufacturing jobs high-end jobs as well while

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enabling MNE's to destroy local companies, local cultures and values as well and the environment. Nongovernment organizations (NGOs) have focused on various abuses (real or alleged) and brought about a public debate regarding the relative positive and negative outcomes involved in globalization. As a result, social responsibility, ethics, and governance, long regarded as "backburners," have now increasingly become central topics for strategy discussions. To the extent that MNE's can effectively counter misunderstandings and positively respond to valid concerns, they may be able prevent or overcome barriers to global trade and investment.

89. How is semiglobalization different from globalization and localization?

ANSWER: The text points that semiglobalization is a perspective that suggests barriers to market integration at borders are high but not high enough to completely insulate countries from each other. It calls for more than one way of strategizing around the globe as opposed to the standardization that is characteristic of globalization and the isolation that is typical of localization. Semiglobalization does not advocate a single right strategy, but engages markets on their terms.

90. Who are the main opponents of globalization and what arguments do they make?

ANSWER: The response should mention NGOs and individuals/groups that feel powerless or marginalized, such as environmental, human rights, and consumer groups. These groups argue that globalization has, among many other things, negatively affected the environment through increased pollution and depletion of natural resources; led to unemployment in developed nations and worker abuse in developing countries; and diluted regional and local cultures with a global culture.

91. As you examine the current political, social, and economic environment of your country and the world as of the moment you are reading the text, what is your estimate of the extent to which globalization will increase or decrease in the short run? In the long run?

ANSWER: The response is likely to be specific to the national and cultural background of the student and the major news events at the time the student is taking the course. The text has shown that there is a pendulum that tends to swing back and forth in regards to the acceptance or resistance of globalization but the long run trend appears to be moving toward greater globalization. However, the future is not always like the past and even long-term trends can be reversed. As a result, some students may have reasons why they feel that there will be increasing barriers to globalization in the future. Whatever the response, this question is one in which the answer is not as important as the thought process that goes into it.