

Quiz #1 Study Guide

Quiz will include 25 questions from Chapters 1-7.

Four (4) points per question

1) How are the Olympic Games symbolic of international business?

SHORT ANSWER. 1 paragraph (3-5 sentences)

2) Which of the following would be considered an international business transaction?

- A) purchasing products in one country and assembling them in the same country
- B) recruiting employees internationally
- C) borrowing money from a major bank to finance capital improvements
- D) shipping finished products from one country to another for retail sale

3) Small businesses are usually not involved in international business given the cost restrictions.

TRUE or FALSE

4) International business differs from domestic business in several ways. Identify at least three of these differences and describe their implications for companies.

SHORT ANSWER. 1 paragraph (3-5 sentences)

5) _____ is a contractual arrangement in which a firm in one country allows the use of its intellectual property by a firm in a second country in return for a royalty payment.

- A) Leasing
- B) Franchising
- C) Licensing
- D) Merchandising

6) You are a manager at a small business, and the firm's CEO wants the firm to globalize. What suggestions would you offer to accomplish this task? Should the firm globalize? Why or why not?

SHORT ANSWER. 1 paragraph (3-5 sentences)

7) McDonald's has licensed its brand name, operational systems, and trademarks to individual restaurant owners in Europe. This is called international _____.

- A) leasing
- B) marketing
- C) franchising
- D) diversifying

8) After World War II, international business was primarily triggered by the _____.

- A) loss of high-quality Japanese goods
- B) reduction of tariffs and quotas
- C) improvement of transportation
- D) introduction of the Euro

9) Who are the Four Tigers? Why are they important to international business?

SHORT ANSWER. 1 paragraph (3-5 sentences)

10) The prime market for lower-income countries that are trying to raise their living standards through exports is _____.

- A) the United States
- B) Japan
- C) Germany
- D) China

11) Over the last two decades, Mexico has been relatively closed to foreign goods and investors. TRUE or FALSE

12) A policy that attempts to stimulate development of local industry by discouraging imports through tariffs and nontariff barriers is called _____.

- A) export substitution
- B) import substitution
- C) development stimulation
- D) protectionism

13) What was Ghana's 2019 "Year of the Return"? What was its significance to Ghana's economy?

(From Class Discussion) SHORT ANSWER. 1 paragraph 3-5 sentences.

14) Companies doing international business are more likely to be successful when they _____.

- A) conduct frequent performance appraisals
- B) understand local market characteristics
- C) employ primarily local managers
- D) rely on experienced expatriates

15) Parker Manufacturing is considering relocating its headquarters from its current location in Vancouver, British Columbia. Executives at Parker want the firm to be located with the majority of other MNCs in the world. Which location would be most appropriate?

- A) Zurich
- B) Boston
- C) Tokyo
- D) London

16) Samsung, Hyundai, Daewoo Group, and LG are all examples of _____.

- A) chaebol
- B) keiretsu
- C) glasnost
- D) sogo shosha

17) In what ways can an MNC affect its host country?

SHORT ANSWER. 1 paragraph (3-5 sentences)

18) Statutory law is primarily based on _____.

- A) legislative actions
- B) historic precedents
- C) moral judgments
- D) religious beliefs

19) Operating risk occurs when the property of an MNE is threatened through either confiscation or expropriation.

TRUE or FALSE

20) Ellis Electronics is a U.S. firm with operations in Saudi Arabia. Ellis has learned that it may face expropriation. What would be the most likely result of such actions?

- A) higher operating costs
- B) loss of future profits
- C) higher security costs
- D) loss of assets

21) The United States limits foreigners to _____ ownership of U.S. television and radio stations.

- A) 25 percent
- B) 49 percent
- C) 67 percent
- D) 99 percent

22) Martin, a manager at an international firm located in China, is required to monitor political risks for his employer. Which of the following would least likely provide Martin with useful information?

- A) consulting firms
- B) embassy officials
- C) telecommunication firms
- D) home country employees

23) What are individualism and collectivism? How do they differ?

SHORT ANSWER. 1 paragraph (3-5 sentences)

24) According to the text, the third major source of motion pictures is _____.

- A) Nollywood
- B) Dollywood
- C) Bollywood
- D) Hollywood

25) Social structure is best defined as the _____.

- A) means by which a society's members communicate with each other
- B) attitudes of MNEs towards corporate social responsibility on a global scale
- C) overall framework that determines the roles of individuals within a society
- D) behavior of and opportunities available to MNCs operating in a given society

26) Cultural convergence is facilitated by MNCs through their advertisements that define appropriate lifestyles, attitudes, and goals.

TRUE or FALSE

27) Formal rules, structure, and routine in the workplace are preferred by individuals from a culture high in _____.

- A) power tolerance
- B) power respect
- C) uncertainty avoidance
- D) uncertainty acceptance

28) According to the low-context-high-context theory, in which of the following countries should advertisements be fact-oriented?

- A) Japan
- B) Greece
- C) Saudi Arabia
- D) Germany

29) Identify the major areas of social responsibility for international business.

SHORT ANSWER. 1 paragraph (3-5 sentences)

30) BP's program to prepare managers at headquarters for assignments in Russia is an example of _____.

- A) ethics training
- B) selection procedures
- C) corporate socialization
- D) employee orientation

31) Which of the following is most susceptible to ethical variations in international business?

- A) advertising
- B) working conditions
- C) insurance benefits
- D) employee skills

32) When an organization does as little as possible to address social or environmental issues, it has adopted the _____ to social responsibility.

- A) obstructionist stance
- B) defensive stance
- C) accommodative stance
- D) proactive stance

33) Which of the following statements is most likely true about firms with formal codes of ethics?

- A) Virtually all ethical issues are eliminated from the firm.
- B) Ethical training is unnecessary, redundant, and too costly to be effective.
- C) Organizational practices and a strong ethical corporate culture are essential.
- D) Individual codes must be developed and implemented for each subunit in the firm.

34) Alcoa's gift of \$112,000 to a small town in Brazil to build a sewage treatment plant is an example of _____.

- A) guanxi
- B) philanthropic giving
- C) ethical compliance
- D) legal compliance

35) The center of the international commercial flower industry is _____.

- A) the Netherlands
- B) the United States
- C) France
- D) Germany

36) The term _____ refers to the voluntary exchange of goods, services, assets, or money between one person or organization and another.

- A) sales
- B) transaction
- C) trade
- D) strategic management

37) Since World War II, world trade has _____.

- A) grown slightly
- B) shrunk slightly
- C) shrunk significantly
- D) grown dramatically

38) In 2016, total international merchandise trade accounted for about _____ percent of the world's GDP.

- A) 12
- B) 21
- C) 44
- D) 59

39) In 2017, China accounted for approximately _____ of the world's merchandise exports.

- A) 13.2 percent
- B) 25 percent
- C) 40 percent
- D) 55 percent

40) Ellis, a manager at an MNE, is studying international trade theories. In his current position, Ellis would most likely use this knowledge to _____.

- A) lobby for trade policy changes
- B) identify promising export and investment opportunities
- C) predict factors that motivate trade
- D) analyze foreign exchange markets

41) Why does the international monetary system exist?

- A) because most countries have their own currencies
- B) to control interest rates on international business loans
- C) to avoid monetary crises from becoming global
- D) because it sets the price of a given currency

42) Carmen is a vice president at TechWorks, an MNE that manufactures computer chips. TechWorks is considering expansion, and Carmen is responsible for identifying potential locations. Which of the following would best help Carmen identify a country's unilateral transfers and income generated by past investments?

- A) current account balance
- B) official settlements balance
- C) balance on merchandise trade
- D) balance on goods and services

43) The World Bank can only make a loan if there is a reasonable expectation that it will be repaid.

TRUE or FALSE

44) Under a floating exchange rate system, what determines the exchange rate for each currency?

- A) par value
- B) gold standard
- C) pegged value
- D) supply and demand

45) Which country holds the largest bloc of votes in the World Bank?

- A) the United Kingdom
- B) the United States
- C) Germany
- D) Japan

46) What determines a country's borrowing power from the IMF?

- A) country size
- B) loan size
- C) a quota
- D) aggregate demand

47) Whistle-blowing is generally considered unwelcome by most Japanese firms.
TRUE or FALSE

48) France exports wine to Japan, and Japan exports clock radios to France. This is an example of _____.

- A) mercantilism
- B) diversification
- C) interindustry trade
- D) intraindustry trade

49) The _____ is directed against international firms that traffic in the assets of U.S. companies that were confiscated by the Cuban government in 1959.

- A) Bay of Pigs Declaration
- B) Anti-Castro Act
- C) Helms-Burton Act
- D) Freeport McMoRan Doctrine

50) Which of the following is a characteristic of the Latin American negotiating style?

- A) impatience with documentation
- B) hiding of emotions
- C) drawn-out decision making
- D) a lack of loyalty to employer