

FBLA International Business Sample Questions

***Disclaimer:** These are sample test questions of what a competitor will find in this competition. To view the official study guide, with the knowledge area and objective list, visit the guidelines on the Competitive Events page of the national website at www.fbla.org.*

Basic International Concepts

1. Which of the following best defines globalization?
 - a) The decrease of global trade due to tariffs
 - b) The integration of markets, cultures, and policies across nations
 - c) The reliance on local resources and self-sufficiency
 - d) The creation of trade barriers between countries

2. The theory that countries should produce goods in which they have the lowest opportunity cost is called:
 - a) Comparative advantage
 - b) Absolute advantage
 - c) Competitive advantage
 - d) Mercantilism

3. Which organization primarily promotes global trade by reducing trade barriers?
 - a) World Bank
 - b) World Trade Organization
 - c) International Monetary Fund
 - d) European Union

4. The term “emerging markets” generally refers to countries that:
 - a) Have declining GDP growth rates
 - b) Are highly industrialized
 - c) Are transitioning from developing to developed economies
 - d) Have closed economies

5. Which is NOT typically a driver of international trade?
 - a) Access to resources
 - b) Cultural diversity
 - c) Exchange rate volatility
 - d) Market expansion opportunities

6. A nation focusing on producing agricultural goods and trading for manufactured goods is following:
 - a) Mercantilism
 - b) Specialization
 - c) Protectionism
 - d) Self-sufficiency

Ownership & Management

7. A joint venture is defined as:
 - a) A merger between two domestic companies
 - b) A partnership where two or more parties create a separate business entity for a specific project
 - c) A corporation with publicly traded stock
 - d) A sole proprietorship operating internationally
8. In an international franchise arrangement, the franchisee typically:
 - a) Owns the brand name
 - b) Receives a license to operate under the franchisor's business model
 - c) Has complete operational independence without restrictions
 - d) Owns all intellectual property rights
9. A wholly owned subsidiary in a foreign country means:
 - a) The parent company shares ownership with local investors
 - b) The parent company owns 100% of the foreign operation
 - c) The foreign government owns the business
 - d) The company operates as a nonprofit entity
10. Which management style emphasizes centralized decision-making with little input from local managers?
 - a) Geocentric
 - b) Ethnocentric
 - c) Polycentric
 - d) Regiocentric
11. A company that adapts its product line to meet local tastes is practicing:
 - a) Standardization
 - b) Localization
 - c) Consolidation
 - d) Diversification

Legal Issues

12. Which law makes it illegal for U.S. companies to bribe foreign officials?
 - a) Foreign Corrupt Practices Act
 - b) Anti-Money Laundering Act
 - c) Sherman Antitrust Act
 - d) Uniform Commercial Code
13. Intellectual property laws protect all of the following EXCEPT:
 - a) Patents
 - b) Trademarks
 - c) Public domain works
 - d) Copyrights

14. When a government takes ownership of a foreign company's assets without fair compensation, it is called:
- Expropriation
 - Arbitration
 - Privatization
 - Licensing
15. An international contract specifying which country's laws will govern a dispute includes a:
- Choice of forum clause
 - Arbitration clause
 - Choice of law clause
 - Mediation clause

Communication (Culture & Language)

16. Which concept refers to understanding and respecting cultural differences in business?
- Cultural sensitivity
 - Cultural imperialism
 - Cultural homogenization
 - Cultural diffusion
17. In high-context cultures, communication often relies heavily on:
- Written agreements
 - Explicit verbal instructions
 - Nonverbal cues and context
 - Statistical reports
18. The ability to adapt communication style when interacting with people from different backgrounds is called:
- Linguistic dominance
 - Cross-cultural competence
 - Cultural ethnocentrism
 - Language standardization
19. Which barrier is MOST likely to cause misunderstanding in cross-border negotiations?
- Exchange rate fluctuations
 - Stereotyping
 - Political stability
 - Market saturation

Marketing

20. Standardized global marketing offers:
- The same marketing strategy and mix in all countries
 - Customization for each target market
 - No branding in foreign markets
 - Different brand names in each country

21. Adapting marketing campaigns to meet cultural preferences is an example of:
- a) Global standardization
 - b) Market localization
 - c) Market consolidation
 - d) Market penetration
22. Which pricing strategy involves setting a low initial price to enter a foreign market?
- a) Price skimming
 - b) Penetration pricing
 - c) Prestige pricing
 - d) Cost-plus pricing
23. Gray market goods are products that:
- a) Are counterfeit
 - b) Are imported legally but outside authorized distribution channels
 - c) Are banned in certain countries
 - d) Are expired or defective
24. A global brand like Coca-Cola benefits from:
- a) Differentiated product formulations in every market
 - b) Strong brand recognition worldwide
 - c) Avoidance of global advertising
 - d) Ignoring cultural differences
25. The primary goal of market research in international business is to:
- a) Increase tariffs
 - b) Understand customer needs and market conditions in each country
 - c) Set currency exchange rates
 - d) Establish foreign policy

VI. Taxes & Government Regulations

26. A tariff is best described as:
- a) A limit on the number of goods that can be imported
 - b) A tax on imported goods
 - c) A subsidy for domestic producers
 - d) A tax on exported goods only
27. Non-tariff barriers include:
- a) Quotas, licensing requirements, and product standards
 - b) Import taxes
 - c) Currency devaluation
 - d) Export subsidies
28. Transfer pricing involves:
- a) Setting prices for goods sold between subsidiaries of the same multinational corporation
 - b) Pricing goods for transfer to government agencies
 - c) Adjusting prices to avoid inflation
 - d) Increasing prices to match tariffs

Treaties & Trade Agreements

29. NAFTA was replaced in 2020 by:

- a) USMCA
- b) TPP
- c) CETA
- d) MERCOSUR

30. The European Union is primarily an example of:

- a) A free trade area
- b) A customs union and single market
- c) A bilateral trade agreement
- d) A protectionist bloc

31. Which organization provides loans and financial assistance to developing countries?

- a) World Bank
- b) WTO
- c) OECD
- d) APEC

32. The ASEAN trade bloc is made up of:

- a) African nations
- b) Southeast Asian nations
- c) South American nations
- d) Middle Eastern nations

Currency Exchange

33. Exchange rate appreciation means:

- a) A country's currency increases in value relative to others
- b) A country's currency decreases in value
- c) Inflation decreases
- d) Deflation occurs

34. Hedging in foreign exchange markets is used to:

- a) Increase currency volatility
- b) Protect against currency fluctuations
- c) Predict interest rate changes
- d) Increase trade deficits

35. If 1 U.S. dollar equals 0.90 euros today and 0.85 euros next week, the dollar has:

- a) Appreciated
- b) Depreciated
- c) Stabilized
- d) Inflated

Finance

36. Letters of credit are primarily used in international trade to:

- a) Guarantee payment to the exporter if conditions are met
- b) Avoid paying tariffs
- c) Finance mergers and acquisitions
- d) Hedge currency risks

37. Export credit insurance protects exporters against:
- a) Price changes in raw materials
 - b) Nonpayment by foreign buyers
 - c) Domestic competition
 - d) Exchange rate appreciation
38. Which type of risk occurs when a foreign government imposes restrictions on capital movements?
- a) Credit risk
 - b) Political risk
 - c) Currency risk
 - d) Operational risk
39. Countertrade refers to:
- a) Trading goods and services without using money
 - b) Selling at below-cost prices
 - c) Trading within domestic markets only
 - d) Futures market speculation

Human Resource Management

40. Expatriates are:
- a) Foreign nationals visiting a country for tourism
 - b) Employees sent to work in a foreign country by their employer
 - c) Immigrants seeking permanent residency
 - d) Temporary workers in seasonal industries
41. Which staffing policy favors hiring host-country nationals to manage subsidiaries?
- a) Ethnocentric
 - b) Polycentric
 - c) Geocentric
 - d) Regiocentric
42. Cultural training for employees working abroad primarily aims to:
- a) Increase product standardization
 - b) Reduce culture shock and improve adaptation
 - c) Replace technical skills training
 - d) Eliminate language barriers entirely

Ethics

43. Ethical relativism in international business means:
- a) Following the same ethical standards in all countries
 - b) Adapting ethical practices to fit local norms and values
 - c) Ignoring ethics in favor of profit
 - d) Only following home-country laws

44. Which is an example of corporate social responsibility in a global context?
- a) Avoiding paying taxes in low-regulation countries
 - b) Sourcing raw materials from sustainable suppliers
 - c) Relocating jobs solely for cost savings
 - d) Ignoring local environmental laws

45. Whistleblower protection laws in international companies aim to:
- a) Prevent employees from reporting wrongdoing
 - b) Protect employees who report unethical or illegal actions
 - c) Increase government surveillance
 - d) Reduce trade barriers

International Travel

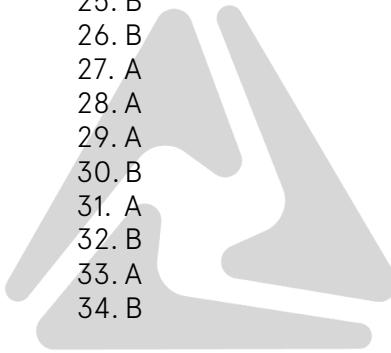
46. A business traveler who needs permission to enter a foreign country must obtain a:
- a) Visa
 - b) Passport
 - c) Work permit only
 - d) ID card
47. Jet lag most directly results from:
- a) High altitude sickness
 - b) Time zone changes disrupting circadian rhythm
 - c) Cultural differences in sleep habits
 - d) Travel-related stress only

Career Development

48. Networking in international business often involves:
- a) Avoiding cross-cultural interactions
 - b) Building professional relationships across borders
 - c) Only using social media
 - d) Ignoring trade shows
49. Which skill is MOST valuable for a career in international business?
- a) Monolingual communication
 - b) Cross-cultural negotiation skills
 - c) Domestic-only marketing
 - d) Avoiding foreign travel
50. An international assignment can enhance a professional's career by:
- a) Limiting job opportunities to one country
 - b) Expanding cultural competence and global experience
 - c) Decreasing adaptability
 - d) Reducing leadership potential

Answer Key

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|-------|-------|-------|
| 1. B | 18. B | 35. B |
| 2. A | 19. B | 36. A |
| 3. B | 20. A | 37. B |
| 4. C | 21. B | 38. B |
| 5. C | 22. B | 39. A |
| 6. B | 23. B | 40. B |
| 7. B | 24. B | 41. B |
| 8. B | 25. B | 42. B |
| 9. B | 26. B | 43. B |
| 10. B | 27. A | 44. B |
| 11. B | 28. A | 45. B |
| 12. A | 29. A | 46. A |
| 13. C | 30. B | 47. B |
| 14. A | 31. A | 48. B |
| 15. C | 32. B | 49. B |
| 16. A | 33. A | 50. B |
| 17. C | 34. B | |



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