International Business Competing in the Global Marketplace 13th edition Hill Test Bank

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International Business Competing in the Global Marketplace 13th Edition by Hill CH01

ANSWERS ARE LOCATED IN THE SECOND PART OF THIS DOCUMENT

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Since Wally's Whistles is a medium-size business, it wouldn't benefit from globalization.

1) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Gradable : automatic

2) Global supply chain and business arbitrage can help companies lower their overall cost structure or improve the quality or functionality of their product offering.

2) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Remember
Gradable : automatic

3) Johann's business does not make consumer products; therefore, it would not be likely to participate in global markets.

3) _____

◎ true
◎ false

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Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Remember
Gradable : automatic

4) Outsourcing is a process that is limited to manufacturing enterprises.

4) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Remember
Gradable : automatic

5) The World Bank has focused on policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties.

5) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Gradable : automatic

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6) When Cyprus had a financial crisis, it went to the World Bank, known as the lender of last resort, to bail it out.

6) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

7) One of the UN's central mandates is the promotion of higher standards of living, full employment, and conditions of economic and social progress and development.

7) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

8) The Uruguay Round, finalized in December 1993, enhanced protection for patents, trademarks, and copyrights.

8) _____

◎ true
◎ false

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Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

9) "Beggar thy neighbor" retaliatory trade policies involved countries progressively increasing trade barriers against each other, which contributed to the Great Depression of the 1930s.

9) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

10) Rivers Inc., a U.S.-based sports apparel manufacturer, sets up a production unit in China to take advantage of the lower labor costs there. This is an example of foreign direct investment.

10) _____

- ◎ true
- ◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

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11) World Bank gives aid of $100 million to Kenya for creating rural health care facilities. This is an example of foreign direct investment.

11) _____

- ◎ true
- ◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

12) The lowering of barriers to international trade enables firms to compete globally and view the world, rather than a single country, as their market.

12) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

13) According to WTO data, the volume of global trade has grown faster than the world economy since 1950.

13) _____

- ◎ true
- ◎ false

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Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
AACSB : Analytical Thinking
Bloom's : Remember
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

14) The cost of microprocessors continues to fall, while their power increases. This statement supports the predictions made by Moore's Law.

14) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

15) Foreign direct investment by non-U.S. firms increased because they wanted to disperse production activities to optimal locations and to build a direct presence in major foreign markets.

15) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

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16) A current trend in international business is the decline of medium-sized and small multinationals, known as mini-multinationals.

16) _____

- ◎ true
- ◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

17) Because Russia has shown signs of shifting back toward greater state involvement in economic activity and authoritarian government, doing business in Russia is considered riskier.

17) _____

- ◎ true
- ◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

18) According to globalization critics, the decline in unskilled wage rates is due to the migration of low-wage manufacturing jobs offshore and a corresponding reduction in demand for unskilled workers.

18) _____

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◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

19) Evidence suggests that technological change and automation has had a bigger impact than globalization on the declining share of national income enjoyed by unskilled labor.

19) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

20) According to supporters of free trade, as countries become more integrated into global economy and trade, they are more likely to enforce stricter environmental and labor regulations.

20) _____

◎ true
◎ false

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Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

21) According to critics of globalization, today's interdependent global economy increases a nation's exposure to global risks.

21) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

22) According to supporters of debt relief, new democratic governments in poor nations should not be forced to honor debts incurred by corrupt and dictatorial predecessors.

22) _____

◎ true
◎ false

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

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23) A firm needs to become a multinational enterprise to engage in international business.

23) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Bloom's : Analyze
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Gradable : automatic

24) Managing an international business is quite similar to managing a domestic business.

24) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Bloom's : Analyze
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Understanding the Differences Between International and Domestic Business
Gradable : automatic

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

25) _____ refers to the shift toward a more integrated and interdependent world economy.

25) _____

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A) Outsourcing
B) International marketing
C) Privatization
D) Globalization

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

26) In 2008 and 2009, the _____ became the forum through which major nations attempted to launch a coordinated policy response to the global financial crisis, which started in America.

26) _____

A) GATT
B) Group of Ten (G10)
C) Group of Twenty (G20)
D) World Trade Organization

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

27) The Uruguay Round provided

27) _____

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A) reduced protection for patents, trademarks, and copyrights.
B) enhanced protection for patents, trademarks, and copyrights.
C) increased trade barriers.
D) reduced coverage of services and manufactured goods.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

28) Since the collapse of communism over a quarter of a century ago, formerly communist nations have transformed their economies by globalizing their markets. This involves

28) _____

A) regulating markets.
B) privatizing state-owned enterprises.
C) decreasing competition.
D) reducing foreign investment.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Gradable : automatic

29) Which of the following is a consequence of globalization?

29) _____

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A) decreasing interdependence between national economies
B) increasing outsourcing
C) differentiating of material culture
D) increasing barriers to cross-border trade

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

30) Which of the following factors hinders globalization of consumer goods market?

30) _____

A) national and cultural differences in tastes and preferences
B) increasing incomes in emerging markets
C) homogenization of material culture
D) increased outsourcing of goods and services

Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Analyze
Gradable : automatic

31) Globalization of markets results in markets becoming

31) _____

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A) less interdependent.
B) less diverse.
C) more protected.
D) less competitive.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

32) A U.S. investment firm set up a customer service call center in India to take advantage of lower labor costs. This is called

32) _____

A) homogenizing markets.
B) vertical integration.
C) outsourcing.
D) horizontal integration.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Gradable : automatic

33) Early outsourcing efforts were primarily confined to

33) _____

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A) health care.
B) service activities.
C) technological research.
D) manufacturing activities.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

34) What impedes firms from achieving the optimal dispersion of their productive activities to locations around the globe?

34) _____

A) transportation costs
B) government deregulations
C) reduction of barriers to trade between countries
D) reduction of barriers to foreign direct investment

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

35) The General Agreement on Tariffs and Trade (GATT) was responsible for

35) _____

International Business Competing in the Global Marketplace 13th edition Hill Test Bank

A) protecting government-owned enterprises.
B) promoting free trade and reducing trade barriers.
C) limiting nuclear testing.
D) promoting environment friendly technology.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Gradable : automatic

36) The _____ is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by member states.

36) _____

A) International Development Association
B) World Bank
C) International Court of justice
D) World Trade Organization

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

37) The World Trade Organization promotes

37) _____

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A) the lowering of barriers to cross-border trade and investment.
B) the development of poor nations through low-interest loans.
C) state ownership of major enterprises.
D) the regulation of national economies.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Gradable : automatic

38) What is true about the International Monetary Fund?

38) _____

A) It is primarily responsible for policing the world trading system.
B) It is seen as the lender of last resort to nation-states whose economies are in turmoil.
C) It is responsible for establishing multinational treaties to govern the global business system.
D) It was established to formulate a coordinated policy response to financial crises in developing nations.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Difficulty : 2 Medium
Bloom's : Analyze
Gradable : automatic

39) The _____ was established on October 24, 1945, by 51 countries committed to preserving peace through international cooperation and collective security.

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39) _____

A) World Trade Organization
B) United Nations
C) G20
D) World Bank

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

40) The G20 was originally established to

40) _____

A) preserve peace through international cooperation and collective security.
B) maintain order in the international monetary system.
C) formulate a coordinated policy response to financial crises in developing nations.
D) manage, regulate, and police the global marketplace.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
Bloom's : Remember
Gradable : automatic

41) Which of the following is a factor of production?

41) _____

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A) tariffs
B) transportation costs
C) capital
D) government

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
Bloom's : Remember
Topic : Drivers of Globalization
Gradable : automatic

42) Which of the following focuses on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments?

42) _____

A) the WTO
B) the GATT
C) the World Bank
D) the IMF

Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
AACSB : Analytical Thinking
Bloom's : Remember
Topic : Drivers of Globalization
Gradable : automatic

43) Which of the following was established to maintain order in the international monetary system?

43) _____

International Business Competing in the Global Marketplace 13th edition Hill Test Bank

A) the WTO
B) the GATT
C) the World Bank
D) the IMF

Question Details
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Learning Objective : 01-01 Understand what is meant by the term globalization.
AACSB : Analytical Thinking
Bloom's : Remember
Topic : Drivers of Globalization
Gradable : automatic

44) Which of the following is true of the IMF?

44) _____

A) It is often seen as the lender of first choice to nation-states whose economies are in turmoil.
B) Its loans come with no strings attached.
C) It is the less controversial of the two sister institutions, the IMF and the World Bank.
D) It has emerged as a significant player in the global economy.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
AACSB : Analytical Thinking
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

45) The volume of world trade in merchandise is growing faster than world GDP. This implies that

45) _____

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A) more firms are dispersing their production processes to global locations.
B) the economies of the world's nation-states are becoming more independent from each other.
C) the global economy is headed for a large downward correction.
D) the world is becoming poorer.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

46) _____ occurs when a firm exports goods or services to consumers in another country.

46) _____

A) International trade
B) Foreign direct investment
C) Inward investment
D) Outsourcing

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

47) In 2009, the financial crisis in the United States was triggered by

47) _____

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A) the global hike in the price of crude oil.
B) the slowdown in U.S. imports, due to political pressure.
C) liberal lending policies by U.S. banks to homeowners.
D) the artificial fixing of the currency rate by China.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

48) _____ predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months.

48) _____

A) Keynes's Law
B) Say's Law
C) Moore's Law
D) Sullivan Principle

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

49) Containerization allows

49) _____

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A) reduction of the time needed to get from one location to another.
B) simplification of transshipment from one mode of transport to another.
C) buyers and sellers to find each other easily in a global economy.
D) enterprises to coordinate and control a globally dispersed production system.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

50) The volume of world trade in merchandised goods has been

50) _____

A) growing at the same rate as world GDP.
B) growing faster than world GDP.
C) growing slower than world GDP.
D) declining faster than world GDP.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

51) ABC Global has decided to invest resources in business activities outside its home country.This is called

51) _____

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A) foreign direct investment (FDI).
B) direct international investment (DII).
C) international trade (IT).
D) foreign direct production (FDP).

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic

52) The relative decline of the United States in the share of world output and world exports reflects

52) _____

A) an increase in the barriers to foreign trade in the United States.
B) the deepening of the global financial crisis.
C) the reduced industrialization in developing nations.
D) the growth in the economic development of emerging markets and other industrialized countries.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

53) Why did many Japanese firms invest in North America and Europe in the 1970s?

53) _____

International Business Competing in the Global Marketplace 13th edition Hill Test Bank

A) to avoid a highly competitive domestic market
B) to exploit high domestic tariff barriers
C) to provide a hedge against unfavorable currency movements and imposition of trade barriers
D) to take advantage of low labor costs

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

54) Throughout the 1990s, the amount of foreign direct investment directed at both developed and developing nations increased dramatically. This trend reflects

54) _____

A) a slowdown in global economic activity.
B) the increasing share of the United States in the total FDI stock.
C) the decline in cross-border flows of foreign direct investment.
D) the increasing internationalization of business corporations.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

55) Which of the following countries has been the largest recipient of foreign direct investment and, in 2016, received a record $249.8 billion in inflows?

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55) _____

A) Brazil
B) Russia
C) India
D) China

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

56) Toyota is a multinational enterprise (MNE), which is a firm that

56) _____

A) exports its products to multiple countries.
B) has production activities in more than two countries.
C) does most of its business on the Internet.
D) lists its securities on a public exchange.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Apply
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

57) Since the 1960s, which of the following has been a notable trend in the demographics of the multinational enterprise?

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57) _____

A) the decline of multinational companies in the manufacturing sector
B) the growth of government-owned multinational enterprises
C) the decline of non-U.S. multinationals
D) the growth of mini-multinationals

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

58) In the last two decades, Latin American countries such as Brazil, Mexico, and Chile have

58) _____

A) embraced communist principles.
B) promoted government ownership of enterprises.
C) experienced increasing debt and inflation.
D) welcomed foreign investment.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

59) Which of the following is a risk associated with globalization?

59) _____

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A) restrictions on competition
B) global financial contagion
C) excessive market regulation
D) differentiation of markets

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

60) The rise in the number of mini-multinationals means that

60) _____

A) small businesses are becoming increasingly involved in international trade and investment.
B) it is increasingly difficult to enter the large multinational market.
C) countries are working together to minimize MNE influence.
D) there is greater state involvement in industry.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

61) The downside of increased globalization is

61) _____

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A) global financial contagions are less likely.
B) a severe crisis in one region can affect the entire globe.
C) one nation may become too powerful.
D) the potential for increased exploitation of undeveloped nations by developed nations.

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

62) During the past two decades, change in Latin America has been characterized by

62) _____

A) an increase in debt.
B) hyperinflation.
C) the sale of state-owned enterprises to private investors.
D) protests against foreign investment.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

63) If China continues to move toward greater free market reforms it

63) _____

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A) may move from industrial superpower to third-world status.
B) will likely see a decrease in GDP per capita.
C) may move from third-world to industrial superpower status.
D) will likely give global market share to Western and Japanese enterprises.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

64) To be classified as an MNE, a company must have productive activities in at least _____ countries.

64) _____

A) two
B) three
C) four
D) twenty

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Gradable : automatic

65) Supporters of globalization maintain that the apparent decline in real wage rates of unskilled workers

65) _____

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A) is due to technological changes and automation that create greater demand for skilled workers.

B) is due to the migration of low-wage manufacturing jobs offshore.

C) can be checked by increasing government ownership of enterprises.

D) can be checked by limiting free trade and foreign investment.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

66) A study published in 2011 by the OECD noted that

66) _____

A) the real household income of unskilled workers in the United States increased more in comparison to that of skilled workers.

B) in almost all countries real income levels declined over the 20-year period studied.

C) the falling unemployment rates brought gains to low-wage workers and fairly broad-based wage growth.

D) the gap between the poorest and richest segments of society in some OECD countries had widened.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

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67) A number of econometric studies have found consistent evidence of a hump-shaped relationship between income levels and pollution levels. According to this, as an economy grows and income levels rise

67) _____

A) initially the pollution levels remain low.
B) after a while, the pollution levels decrease.
C) the pollution levels also rise in proportion to the economic growth.
D) there is increasing industrialization, which leads to greater pollution.

Question Details
Accessibility : Keyboard Navigation
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
AACSB : Reflective Thinking
Gradable : automatic

68) NAFTA was passed only after

68) _____

A) China agreed to establish a higher minimum wage.
B) the United States agreed to limit the number of jobs that could be outsourced.
C) Mexico committed to tougher enforcement of environmental protection regulations.
D) Canada committed to establish new limits on FDI.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

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69) Globalization is criticized because it increases the power of

69) _____

A) governments to own enterprises.
B) unskilled labor to form labor unions.
C) supranational organizations over nation-states.
D) nation-states to regulate markets and reduce competition.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

70) The World Trade Organization has estimated that the developed nations of the world can raise global economic welfare by $128 billion by

70) _____

A) removing subsidies given to their agricultural producers.
B) increasing tariff barriers to trade in agriculture.
C) increasing outsourcing of manufacturing processes.
D) reducing defense expenditure.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

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71) Which of the following is viewed by large segments of the population in many countries as a detrimental effect of antiglobalization?

71) _____

A) job growth in industries under attack from foreign competitors
B) upward pressure on the wage rates of unskilled workers
C) environmental degradation
D) cultural isolationism of global media and MNEs

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

72) While the hump-shaped relationship between income levels and pollution levels seems to hold across a wide range of pollutants, _____ represent an important exception.

72) _____

A) sulfur dioxide emissions
B) lead concentrations
C) carbon dioxide emissions
D) water quality standards

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Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

73) Based on several studies, the data suggest that real wages

73) _____

A) for unskilled workers have decreased while real wages for skilled workers have increased.
B) for both skilled and unskilled labor have decreased.
C) for both skilled and unskilled labor have increased.
D) for unskilled workers have increased while real wages for skilled worker have decreased.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

74) Which of the following is a reason that little progress has been made toward the ambitious goals set at the 1992 Earth Summit in Rio de Janeiro?

74) _____

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A) China has shown a strong appetite to adopt tighter pollution controls.
B) Political cooperation in the U.S. Congress promotes domestic action.
C) There is a culture of denial in the United States.
D) Trade liberalization efforts have not been rolled back.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Bloom's : Evaluate
Gradable : automatic

75) The two largest emitters of carbon dioxide are

75) _____

A) China and the United States.
B) China and the United Kingdom.
C) Canada and the United States.
D) Mexico and the United States.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

76) In 2000, the United Nations established the _____ to reduce the number of people who live in extreme poverty by 2015.

76) _____

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A) Millennium Development Goals
B) Twenty-First Century Goals
C) Globalization Rejuvenation Goals
D) U.N. Humanistic Goals

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Difficulty : 1 Easy
Bloom's : Remember
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Gradable : automatic

77) Which of the following is true of HIPCs?

77) _____

A) About 100 nations fall in this category.
B) The average debt burden has never been more than 75 percent of the value of the HIPC's economy.
C) Servicing heavy debt leaves HIPCs with little left to invest in public infrastructure.
D) The annual cost of serving debt consumes about 30 percent of HIPC export earnings.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Bloom's : Evaluate
Gradable : automatic

78) Which of the following is true of the supporters of debt relief for HIPCs?

78) _____

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A) They argue that free trade alone is sufficient to bring HIPCs out of poverty.
B) They argue that new democratic governments should be forced to honor debts incurred by previous corrupt predecessors.
C) They include Bono, the Dalai Lama, and Jeffrey Sachs among their ranks.
D) They are working against the policies of the IMF and World Bank.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Bloom's : Evaluate
Gradable : automatic

79) An international business, unlike a multinational enterprise,

79) _____

A) needs to have manufacturing units in at least two foreign nations.
B) needs to manufacture products or provide services that target a global market.
C) need not customize its products to the requirements of national markets.
D) need not invest directly in operations in other countries.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Gradable : automatic

80) Issy's Ice Cream is an international business. As such, it

80) _____

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A) needs to have manufacturing units in at least two foreign nations.
B) needs to manufacture products or provide services that target a global market.
C) need not customize its products to the requirements of national markets.
D) invests in international trade or investment.

Question Details
AACSB : Knowledge Application
Accessibility : Keyboard Navigation
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Gradable : automatic

81) Which of the following statements is true regarding an international business?

81) _____

A) An international business needs to invest directly in operations in other countries.
B) An international business needs to have homogenous practices across countries.
C) An international business can be managed in the same way that a domestic business is managed.
D) An international business must find ways to work within the limits imposed by government intervention.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Bloom's : Analyze
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Gradable : automatic

82) How does managing an international business differ from managing a domestic business?

82) _____

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A) International managers are more experienced.
B) Countries differ in their cultures and systems.
C) Countries want to do business with their neighbors.
D) Countries want to keep their transactions simple.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Understanding the Differences Between International and Domestic Business
Gradable : automatic

83) Which of the following is true regarding international businesses?

83) _____

A) All MNEs are international businesses.
B) Only firms that export products are international businesses.
C) Only firms that invest abroad are international businesses.
D) All international businesses are MNEs.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Difficulty : 2 Medium
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Bloom's : Evaluate
Gradable : automatic

84) Managing an international business is different from managing a purely domestic business for which of the following reasons?

84) _____

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A) Countries prefer to keep business transactions between domestic partners.
B) The range of problems confronted is wider and more complex.
C) International businesses have an added layer of U.N. regulations.
D) International transactions involve exchanging currencies through each country's treasury.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 2 Medium
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Understanding the Differences Between International and Domestic Business
Gradable : automatic

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

85) Discuss the characteristics of globalization. Use an example in your discussion.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

86) Explain what is meant by the globalization of markets. Provide an example. What are the most global markets?

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Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Analyze
Difficulty : 3 Hard
Gradable : manual

87) Discuss the concept of the globalization of production.

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Difficulty : 3 Hard
Gradable : manual

88) What is the World Trade Organization? What is its role in the world economy?

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Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

89) What is the International Monetary Fund? What is the World Bank? What is their relationship, if any, with each other?

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : What Is Globalization?
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Evaluate
Gradable : manual

90) What is the Uruguay Round? List the measures implemented in the Uruguay Round.

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Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

91) Explain the trends in world trade and foreign direct investment since 1950.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Analyze
Difficulty : 3 Hard
AACSB : Reflective Thinking
Gradable : manual

92) Explain how a company competes using outsourcing. Provide an example.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

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93) Discuss the impact of technological change and automation on global markets.

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

94) Discuss the demographics of world trade since the 1960s. How has the role of the United States changed? How is world trade expected to change in the future?

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
Bloom's : Analyze
Difficulty : 3 Hard
AACSB : Reflective Thinking
Gradable : manual

95) Why does China represent both opportunities and threats for established international businesses?

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Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Describe the changing nature of the global economy.
Topic : The Changing Nature of the Global Economy
AACSB : Reflective Thinking
Gradable : manual

96) Consider whether the shift toward a more integrated and interdependent global economy is a good thing. Discuss the shift from the eyes of the consumer, the worker, the company, and the environmentalist.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Difficulty : 3 Hard
Bloom's : Evaluate
AACSB : Reflective Thinking
Gradable : manual

97) Discuss what occurred in Seattle in 1999 at the meeting of the WTO and why the events were important to the future of global trade.

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Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Bloom's : Analyze
Difficulty : 3 Hard
AACSB : Reflective Thinking
Gradable : manual

98) Falling barriers to international trade destroy manufacturing jobs in wealthy advanced economies. Discuss this statement. Do you agree? Why or why not?

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.
Topic : The Globalization Debate
Difficulty : 3 Hard
Bloom's : Evaluate
AACSB : Reflective Thinking
Gradable : manual

99) Why is managing an international business different from managing a purely domestic business?

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International Business Competing in the Global Marketplace 13th Edition by Hill CH01

Question Details
Accessibility : Keyboard Navigation
AACSB : Analytical Thinking
Bloom's : Apply
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Understanding the Differences Between International and Domestic Business
Difficulty : 3 Hard
Gradable : manual

100) What are some of the issues a manager of an international business must confront that a manager of a domestic business never confronts?

Question Details
Accessibility : Keyboard Navigation
Bloom's : Apply
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Understanding the Differences Between International and Domestic Business
Difficulty : 3 Hard
AACSB : Reflective Thinking
Gradable : manual

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International Business Competing in the Global Marketplace 13th Edition by Hill CH01
Answer Key

Test name: CH01

1) FALSE
A company does not have to be the size of multinational giants to facilitate, and benefit from, the globalization of markets. In the United States, for example, according to the International Trade Administration, more than 300,000 small and medium-size firms with fewer than 500 employees exported in 2017, accounting for 98 percent of the companies that exported that year.

2) TRUE
The globalization of production refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production. By doing this, companies hope to lower their overall cost structure or improve the quality or functionality of their product offering, thereby allowing them to compete more effectively.

3) FALSE
Most global markets currently are not markets for consumer products—where national differences in tastes and preferences are still often important enough to act as a brake on globalization—but markets for industrial goods and materials that serve a universal need the world over.

4) FALSE
Early outsourcing efforts were primarily confined to manufacturing activities. Increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

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5) FALSE
The World Trade Organization is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by WTO member states. The World Bank was set up to promote economic development.

6) FALSE
The IMF was established to maintain order in the international monetary system. It is often seen as the lender of last resort to nation-states whose economies are in turmoil and whose currencies are losing value against those of other nations.

7) TRUE
Although the UN is perhaps best known for its peacekeeping role, one of the organization's central mandates is the promotion of higher standards of living, full employment, and conditions of economic and social progress and development—all issues that are central to the creation of a vibrant global economy.

8) TRUE
Under the umbrella of GATT, the most recent negotiations to be completed, known as the Uruguay Round, were finalized in December 1993. The Uruguay Round provided enhanced protection for patents, trademarks, and copyrights.

9) TRUE
The typical aim of tariffs on imports of manufactured goods was to protect domestic industries from foreign competition. One consequence, however, was "beggar thy neighbor" retaliatory trade policies, with countries progressively raising trade barriers against each other. Ultimately, this depressed world demand and contributed to the Great Depression of the 1930s.

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10) TRUE
Foreign direct investment (FDI) occurs when a firm invests resources in business activities outside its home country.

11) FALSE
Foreign direct investment (FDI) occurs when a firm invests resources in business activities outside its home country.

12) TRUE
The lowering of barriers to international trade enables firms to view the world, rather than a single country, as their market.

13) TRUE
According to WTO data, the volume of global trade has grown faster than the world economy since 1950.

14) TRUE
The cost of microprocessors continues to fall, while their power increases (a phenomenon known as Moore's Law, which predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months).

15) TRUE
As the barriers to the free flow of goods, services, and capital fell, and as other countries increased their shares of world output, non-U.S. firms increasingly began to invest across national borders. The motivation for much of this foreign direct investment by non-U.S. firms was the desire to disperse production activities to optimal locations and to build a direct presence in major foreign markets.

16) FALSE

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Since the 1960s, two notable trends in the demographics of the multinational enterprise have been (1) the rise of non-U.S. multinationals and (2) the growth of mini-multinationals.

17) TRUE
Disturbing signs of growing unrest and totalitarian tendencies continue to be seen in several Eastern European and Central Asian states, including Russia, which has shown signs of shifting back toward greater state involvement in economic activity and authoritarian government. Thus, the risks involved in doing business in such countries are high, but so may be the returns.

18) TRUE
Globalization critics argue that the decline in unskilled wage rates is due to the migration of low-wage manufacturing jobs offshore and a corresponding reduction in demand for unskilled workers.

19) TRUE
Evidence suggests that technological change and automation has had a bigger impact than globalization on the declining share of national income enjoyed by unskilled labor.

20) TRUE
Supporters of free trade and greater globalization argue that tougher environmental regulations and stricter labor standards go hand in hand with economic progress. In general, as countries become more integrated into global economy and trade, they are more likely to enforce stricter environmental and labor regulations.

21) TRUE

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A concern voiced by critics of globalization is that today's increasingly interdependent global economy shifts economic power away from national governments and toward supranational organizations such as the World Trade Organization, the European Union, and the United Nations.

22) TRUE
Supporters of debt relief argue that new democratic governments in poor nations should not be forced to honor debts that were incurred and mismanaged long ago by their corrupt and dictatorial predecessors.

23) FALSE
An international business is any firm that engages in international trade or investment. A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses.

24) FALSE
International business differs from domestic business because of the greater complexity of managing an international business. In addition to the problems that arise from the differences between countries, a manager in an international business is confronted with a range of other issues that the manager in a domestic business never confronts.

25) D
This is the definition of globalization.

26) C

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Originally, the G20 was established to formulate a coordinated policy response to financial crises in developing nations. In 2008 and 2009, it became the forum through which major nations attempted to launch a coordinated policy response to the global financial crisis that started in America and then rapidly spread around the world.

27) B

Under the umbrella of GATT, the most recent negotiations to be completed, known as the Uruguay Round, were finalized in December 1993. The Uruguay Round provided enhanced protection for patents, trademarks, and copyrights.

28) B

Since the collapse of communism over a quarter of a century ago, the pendulum of public policy in nation after nation has swung toward the free market end of the economic spectrum. Regulatory and administrative barriers to doing business in foreign nations have been reduced, while those nations have often transformed their economies, privatizing state-owned enterprises, deregulating markets, increasing competition, and welcoming investment by foreign businesses.

29) B

The process of outsourcing legal services from developed nations to lower-cost locations is indicative of what is occurring in today's global economy. Because of rapid advances in telecommunications and the removal of barriers to cross-border trade and investment, such outsourcing is becoming increasingly common.

30) A

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The most global markets currently are not markets for consumer products—where national differences in tastes and preferences are still often important enough to act as a brake on globalization—but markets for industrial goods and materials that serve a universal need the world over.

31) B
As markets become global, greater uniformity replaces diversity. In an increasing number of industries, it is no longer meaningful to talk about "the German market," "the American market," "the Brazilian market," or "the Japanese market"; for many firms there is only the global market.

32) C
Early outsourcing efforts were primarily confined to manufacturing activities; increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

33) D
Early outsourcing efforts were primarily confined to manufacturing activities; increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

34) A
Substantial impediments still make it difficult for firms to achieve the optimal dispersion of their productive activities to locations around the globe. These impediments include formal and informal barriers to trade between countries, barriers to foreign direct investment, transportation costs, and issues associated with economic and political risk.

35) B

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As markets globalize and an increasing proportion of business activity transcends national borders, institutions are needed to help manage, regulate, and police the global marketplace, and to promote the establishment of multinational treaties to govern the global business system. Over the past half century, a number of important global institutions have been created to help perform these functions, including the General Agreement on Tariffs and Trade (GATT).

36) D

The World Trade Organization is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by WTO member states. As of 2011, 154 nations that collectively accounted for 97 percent of world trade were WTO members, thereby giving the organization enormous scope and influence.

37) A

The WTO is also responsible for facilitating the establishment of additional multinational agreements between WTO member states. Over its entire history, and that of the GATT before it, the WTO has promoted the lowering of barriers to cross-border trade and investment.

38) B

The IMF is often seen as the lender of last resort to nation-states whose economies are in turmoil and whose currencies are losing value against those of other nations. During the past two decades, for example, the IMF has lent money to the governments of troubled states, including Argentina, Indonesia, Mexico, Russia, South Korea, Thailand, and Turkey.

39) B

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The United Nations was established on October 24, 1945, by 51 countries committed to preserving peace through international cooperation and collective security. Today nearly every nation in the world belongs to the United Nations; membership now totals 191 countries.

40) C
The G20 was established in 1999 to formulate a coordinated policy response to financial crises in developing nations. The G20 comprises the finance ministers and central bank governors of the 19 largest economies in the world, plus representatives from the European Union and the European Central Bank.

41) C
The factors of production are labor, energy, land, and capital.

42) C
The World Bank was set up to promote economic development. It has focused on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments (such as building dams or roads).

43) D
The IMF was established to maintain order in the international monetary system.

44) D

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The IMF was established to maintain order in the international monetary system and has emerged as a significant player in the global economy. The World Bank is the less controversial of the two sister institutions. The IMF is often seen as the lender of last resort to nation-states whose economies are in turmoil and whose currencies are losing value against those of other nations. In return for loans, the IMF requires nation-states to adopt specific economic policies.

45) A

The fact that the volume of world trade has been growing faster than world GDP implies several things. First, more firms are dispersing parts of their production process to different locations around the globe. Second, the economies of the world's nation-states are becoming ever more intertwined. As trade expands, nations are becoming increasingly dependent on each other for important goods and services. Third, the world has become significantly wealthier in the last two decades. The implication is that rising trade is the engine that has helped pull the global economy along.

46) A

International trade occurs when a firm exports goods or services to consumers in another country.

47) C

In 2009, the financial crisis in the United States was triggered by the financial sector of America, where banks had been too liberal in their lending policies to homeowners, swept around the world and plunged the global economy into its deepest recession since the early 1980s, illustrating once more that in an interconnected world a severe crisis in one region can affect the entire globe.

48) C

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Moore's Law predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months.

49) B
The introduction of containerization simplifies transshipment from one mode of transport to another. Before the advent of containerization, moving goods from one mode of transport to another was very labor intensive, lengthy, and costly.

50) B
According to WTO, the volume of world trade in merchandised goods has grown consistently faster than the growth rate in the world economy since 1950.

51) A
Foreign direct investment (FDI) occurs when a firm invests resources in business activities outside its home country.

52) D
The relative decline of the United States reflects the growing economic development and industrialization of emerging markets and other industrialized countries, as opposed to any absolute decline in the health of the U.S. economy.

53) C
Beginning in the 1970s, European and Japanese firms began to shift labor-intensive manufacturing operations from their home markets to developing nations where labor costs were lower. In addition, many Japanese firms invested in North America and Europe—often as a hedge against unfavorable currency movements and the possible imposition of trade barriers.

54) D

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Throughout the 1990s, the amount of investment directed at both developed and developing nations increased dramatically, a trend that reflects the increasing internationalization of business corporations.

55) D
Among developing nations, the largest recipient of foreign direct investment has been China, which in 2016 received a record $249.8 billion in inflows.

56) B
A multinational enterprise (MNE) is any business that has productive activities in two or more countries.

57) D
Since the 1960s, two notable trends in the demographics of the multinational enterprise have been (1) the rise of non-U.S. multinationals and (2) the growth of mini-multinationals.

58) D
In the past two decades, throughout most of Latin America, debt and inflation are down, governments have sold state-owned enterprises to private investors, foreign investment is welcomed, and the region's economies have expanded. Brazil, Mexico, and Chile have led the way.

59) B
Greater globalization brings with it risks of its own. The opportunities for doing business in a global economy may be significantly enhanced; however, the risks associated with global financial contagion are also greater.

60) A

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Although most international trade and investment are still conducted by large firms, many medium-size and small businesses are becoming increasingly involved in international trade and investment.

61) B
Greater globalization brings with it risks of its own. This was starkly demonstrated in 1997 and 1998 when a financial crisis in Thailand spread first to other East Asian nations and then to Russia and Brazil. Ultimately, the crisis threatened to plunge the economies of the developed world, including the United States, into a recession.

62) C
Throughout most of Latin America, debt and inflation are down, governments have sold state-owned enterprises to private investors, foreign investment is welcomed, and the region's economies have expanded. Brazil, Mexico, and Chile have led the way.

63) C
China continues to move progressively toward greater free market reforms. If what is occurring in China continues for two more decades, China may move from third-world to industrial superpower status even more rapidly than Japan did.

64) A
A multinational enterprise (MNE) is any business that has productive activities in two or more countries.

65) A

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Supporters of globalization maintain that the weak growth rate in real wage rates for unskilled workers owes far more to a technology-induced shift within advanced economies away from jobs where the only qualification was a willingness to turn up for work every day and toward jobs that require significant education and skills.

66) D

In one study, the OECD found that between 1985 and 2008 real household income (adjusted for inflation) increased by 1.7 percent annually among its member states. The real income level of the poorest 10percent of the population increased at 1.4percentannually on average, while that of the richest 10percent increased by 2percent annually (i.e., while everyone got richer, the gap between the most affluent and the poorest sectors of society widened).

67) B

A number of econometric studies have found consistent evidence of a hump-shaped relationship between income levels and pollution levels. As an economy grows and income levels rise, initially pollution levels also rise. However, past some point, rising income levels lead to demands for greater environmental protection, and pollution levels then fall.

68) C

NAFTA was passed only after side agreements had been negotiated that committed Mexico to tougher enforcement of environmental protection regulations. Thus, supporters of free trade argue that factories based in Mexico are now cleaner than they would have been without the passage of NAFTA.

69) C

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A concern voiced by critics of globalization is that today's increasingly interdependent global economy shifts economic power away from national governments and toward supranational organizations such as the World Trade Organization, the European Union, and the United Nations.

70) A

The World Trade Organization has estimated that if the developed nations of the world eradicated subsidies to their agricultural producers and removed tariff barriers to trade in agriculture, this would raise global economic welfare by $128 billion, with $30 billion of that going to developing nations, many of which are highly indebted.

71) C

Large segments of the population in many countries believe that globalization has detrimental effects on living standards, wage rates, and the environment. Demonstrators have protested against a wide range of issues, including job losses in industries under attack from foreign competitors, downward pressure on the wage rates of unskilled workers, environmental degradation, and the cultural imperialism of global media and multinational enterprises, which was seen as being dominated by what some protesters called the “culturally impoverished” interests and values of the United States.

72) C

While the hump-shaped relationship depicted in Figure 1.5 in the text seems to hold across a wide range of pollutants—from sulfur dioxide to lead concentrations and water quality—carbon dioxide emissions are an important exception, rising steadily with higher income levels.

73) A

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The data suggest that over the past two decades, the share of labor in national income has declined. However, detailed analysis suggests the share of national income enjoyed by skilled labor has actually increased, suggesting that the fall in labor's share has been due to a fall in the share taken by unskilled labor.

74) C

There has been little success in moving toward the ambitious goals for reducing carbon emissions laid down in the Earth Summit. In part, this is because the largest emitters of carbon dioxide, the United States and China, have failed to reach agreements about how to proceed. China, a country whose carbon emissions are increasing at a rapid rate, has shown little appetite to adopt tighter pollution controls. As for the United States, political divisions in Congress and a culture of denial have made it difficult for the country to even acknowledge, never mind move forward with, legislation designed to tackle climate change.

75) A

There has been little success in moving toward the ambitious goals for reducing carbon emissions laid down in the Earth Summit. In part, this is because the largest emitters of carbon dioxide, the United States and China, have failed to reach agreements about how to proceed.

76) A

In 2000, the United Nations established the Millennium Development Goals to reduce the number of people who live in extreme poverty by 2015. Subsequently, in September 2015, the United Nations and its 193-member countries ratified the Sustainable Development Goals that set targets to end poverty, protect the planet, and ensure prosperity for all countries by 2030 as part of a new sustainability agenda (United Nations 2015).

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77) C

Many of the world's poorer nations are being held back by large debt burdens. Of particular concern are the 40 or so “highly indebted poorer countries” (HIPCs), which are home to some 700 million people. Among these countries, the average government debt burden has been as high as 85percent of the value of the economy, as measured by gross domestic product, and the annual costs of serving government debt consumed 15percent of the countries’ export earnings. Servicing such a heavy debt load leaves the governments of these countries with little left to invest in important public infrastructure projects, such as education, health care, roads, and power. The result is the HIPCs are trapped in a cycle of poverty and debt that inhibits economic development.

78) C

Free trade alone, some argue, is a necessary but not sufficient prerequisite to help these countries bootstrap themselves out of poverty. Instead, large-scale debt relief is needed for the world's poorest nations to give them the opportunity to restructure their economies and start the long climb toward prosperity. Supporters of debt relief also argue that new democratic governments in poor nations should not be forced to honor debts that were incurred and mismanaged long ago by their corrupt and dictatorial predecessors. In the late 1990s, a debt relief movement began to gain ground among the political establishment in the world's richer nations. Fueled by high-profile endorsements from Irish rock star Bono, the Dalai Lama, and influential Harvard economist Jeffrey Sachs, the debt relief movement was instrumental in persuading the United States to enact legislation in 2000 that provided $435 million in debt relief for HIPCs. The IMF and World Bank have picked up the banner and have embarked on a systematic debt relief program.

79) D

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An international business is any firm that engages in international trade or investment. A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses.

80) D
An international business is any firm that engages in international trade or investment. A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses.

81) D
Conducting business transactions across national borders requires understanding the rules governing the international trading and investment system. Managers in an international business must also deal with government restrictions on international trade and investment.

82) B
As their organizations increasingly engage in cross-border trade and investment, managers need to recognize that the task of managing an international business differs from that of managing a purely domestic business in many ways. At the most fundamental level, the differences arise from the simple fact that countries are different.

83) A
A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses. All a firm has to do is export or import products from other countries.

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84) B

Managing an international business is different from managing a purely domestic business for at least four reasons: (1) countries are different, (2) the range of problems confronted by a manager in an international business is wider and the problems themselves more complex than those confronted by a manager in a domestic business, (3) an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system, and (4) international transactions involve converting money into different currencies.

85) Globalization refers to a fundamental shift in the world economy in which national economies are no longer relatively self-contained entities. Instead, nations are moving toward an interdependent global economic system. Within this new global economy, an American might drive to work in a car designed in Germany that was assembled in Mexico by DaimlerChrysler from components made in the United States and Japan that were fabricated from Korean steel and Malaysian rubber. A company does not have to be the size of these multinational giants to facilitate, and benefit from, the globalization of markets.

Note: Examples will vary.

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86) The globalization of markets refers to the idea that historically distinct and separate national markets are merging into a single, huge global marketplace. For example,consumer product firms such as Coca-Cola, Starbucks, and McDonald's offer the same basic product worldwideand are, in fact, not only a part of the trend, but facilitators of the trend as well. The most global of markets are not typically markets for consumer products—where national differences in tastes and preferences can still be important enough to act as a brake on globalization—but markets for industrial goods and materials that serve universal needs the world over.

Note: Examples will vary.

87) The globalization of production refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labor, energy, land, and capital). By doing this, companies hope to lower their overall cost structure or improve the quality or functionality of their product offering, thereby allowing them to compete more effectively.

88) The World Trade Organization (WTO) is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by WTO members. As of 2017, 164 nations that collectively accounted for 98 percent of world trade were WTO members, thereby giving the organization enormous scope and influence. The WTO is also responsible for facilitating the establishment of additional multinational agreements among WTO member states.

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89) The International Monetary Fund (IMF) and the World Bank were both created in 1944 by 44 nations that met at Bretton Woods, New Hampshire. The IMF was established to maintain order in the international monetary system; the World Bank was set up to promote economic development. In the more than seven decades since their creation, both institutions have emerged as significant players in the global economy. The World Bank is the less controversial of the two sister institutions. It has focused on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments (such as building dams or roads)

90) Under the umbrella of GATT, eight rounds of negotiations among member states worked to lower barriers to the free flow of goods and services. The first round of negotiations went into effect in 1948. The most recent negotiations to be completed, known as the Uruguay Round, were finalized in December 1993. The Uruguay Round further reduced trade barriers; extended GATT to cover services as well as manufactured goods; provided enhanced protection for patents, trademarks, and copyrights; and established the World Trade Organization to police the international trading system.

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91) Since 1950, the volume of world merchandise trade has grown faster than the world economy. In particular, there has been acceleration in world trade since 1980. This trade and investment pattern implies that firms are dispersing parts of their production to different locations around the world to drive down production costs and increase product quality, that the economies of the world's nation-states are becoming more intertwined, that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments, and that the world has become significantly wealthier since 1990. The implication is that rising trade is the engine that has helped pull the global economy along. Evidence also suggests that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments.

92) The lowering of trade and investment barriers also allows firms to base production at the optimal location for that activity. Thus, a firm might design a product in one country, produce component parts in two other countries, assemble the product in yet another country, and then export the finished product around the world. For example, consider Boeing's 777, a commercial jet airliner. Eight Japanese suppliers make parts for the fuselage, doors, and wings; a supplier in Singapore makes the doors for the nose landing gear; three suppliers in Italy manufacture wing flaps; and so on. In total, some 30 percent of the 777, by value, is built by foreign companies.

Note: Examples will vary.

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93) Major advances in communication, information processing, and transportation technology have facilitated the globalization of markets and production. The microprocessor and the Internet have been central to the technology explosion. The development of the microprocessor vastly increased the amount of information that can be processed by individuals and firms, and the growth of the Internet has allowed companies to expand their global presence at a fraction of the cost of more traditional methods of business. Jet air travel, by shrinking travel time, has also helped to link the worldwide operations of international businesses. These changes have enabled firms to achieve tight coordination of their worldwide operations and to view the world as a single market.

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94) In the early 1960s, the United States was the world's dominant industrial power accounting for almost 40 percent of world output. By 2012, the United States accounted for 23.1 percent of world output, measured by gross domestic product (GDP). By 2018, the United States accounted for 15.8 percent of world output, with China now at 17.1 percent of world output and the global leader in this category. The United States was not the only developed nation to see its relative standing slip. The same occurred to Germany, France, Italy, the United Kingdom, and Canada—as just a few examples. These were all nations that were among the first to industrialize globally. Of course, the change in the U.S. position was not an absolute decline because the U.S. economy grew significantly between 1960 and 2018 (the economies of Germany, France, Italy, the United Kingdom, and Canada also grew during this time). Rather, it was a relative decline, reflecting the faster economic growth of several other economies, particularly China as well as several other nations in Asia.From 1960 to today, China's share of world output increased from a trivial amount to 17.1 percent, making it the world's largest economy in terms of its share in world output (the U.S. is still the largest economy overall). Other countries that markedly increased their share of world output included Japan, Thailand, Malaysia, Taiwan, Brazil, and South Korea. Most forecasts now predict a rapid rise in the share of world output accounted for by developing nations such as China, India, Russia, Indonesia, Thailand, South Korea, Mexico, and Brazil, and a commensurate decline in the share enjoyed by rich industrialized countries such as Great Britain, Germany, Japan, and the United States.

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95) China represents a huge and largely untapped market. Reflecting this, between 1983 and 2017, annual foreign direct investment in China increased from less than $2 billion to $249.8 billion annually. On the other hand, China's new firms are proving to be very capable competitors, and they could take global market share away from Western and Japanese enterprises. Thus, the changes in China are creating both opportunities and threats for established international businesses.

96) There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. However, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. Critics argue that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. Critics also argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries.

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97) In December 1999, more than 40,000 protesters blocked the streets of Seattle in an effort to shut down a WTO meeting being held in the city. The issue was job losses in industries under attack from foreign competitors, falling wage rates of unskilled workers, environmental degradations, and cultural imperialism of global media and MNEs. Protesters believed that all of these issues were the result of globalization, and felt that the WTO, as a promoter of globalization, was a legitimate target for blame. The protest was a violent one, and emboldened by the experience, antiglobalization protesters now turn up at almost every major meeting of a global institution.

98) Critics argue that falling trade barriers allow firms to move manufacturing activities to countries where wage rates are much lower. As a result of such moves, they argue thatthe wage rates of poorer Americans have fallen significantly over the past quarter of a century. Supporters of globalization reply that critics of these trends miss the essential point about free trade—the benefits outweigh the costs. They argue that free trade will result in countries specializing in the production of those goods and services that they can produce most efficiently, while importing goods and services that they cannot produce as efficiently.

Note: Opinions will vary.

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99) Managing an international business is different from managing a purely domestic business for at least four reasons: (1) countries are different, (2) the range of problems confronted by a manager in an international business is wider and the problems themselves more complex than those confronted by a manager in a domestic business, (3) an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system, and (4) international transactions involve converting money into different currencies.

100) In addition to the problems that arise from the differences between countries, managers of an international business must decide where in the world to site production activities to minimize costs and to maximize value added. They must decide whether it is ethical to adhere to the lower labor and environmental standards found in many less developed nations. Then they must decide how best to coordinate and control globally dispersed production activities, which is not a trivial problem. Managers in an international business must also decide which foreign markets to enter and which ones to avoid.

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