Global Business Today 12th edition Hill Test Bank

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Global Business Today 12th 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) In the past ten years, increasing barriers to cross-border trade have made it harder for businesses to sell internationally.

1) _____

- ◎ true
- ◎ false

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

2) To truly benefit from globalization, a firm needs to be a multinational conglomerate rather than a small or mid-size company.

2) _____

- ◎ true
- ◎ false

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

3) In today's marketplace, outsourcing efforts are confined to manufacturing activities.

3) _____

- ◎ true
- ◎ false

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

4) Transportation costs and the managerial challenge of coordinating a globally dispersed supply chain are just two of the impediments companies face when trying to achieve optimal dispersion of their products between countries.

4) _____

- ◎ true
- ◎ false

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

5) The WTO polices the world trading system and without this organization, the globalization of markets might not be where it is today.

5) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-01 Understand what is meant by the term globalization.
Bloom's : Remember
Difficulty : 1 Easy
Topic : Various Types of Institutions in Global Business
AACSB : Reflective Thinking
Gradable : automatic

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

6) _____

- ◎ true
- ◎ false

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

7) The retaliatory trade policies of the 1920s and 1930s contributed to the Great Depression.

7) _____

- ◎ true
- ◎ false

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

8) The Uruguay Round extended GATT to cover services as well as manufactured goods.

8) _____

- ◎ true
- ◎ false

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

9) Enhanced protection for patents and trademarks was one focus of the Uruguay Round.

9) _____

- ◎ true
- ◎ false

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

10) The lowering of trade and investment barriers creates fewer opportunities for companies to have the world as their market.

10) _____

- ◎ true
- ◎ false

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

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11) In recent years, the economies of the world's nation-states have become less intertwined as a result of international trade.

11) _____

- ◎ true
- ◎ false

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

12) The COVID-19 global pandemic has had minimal impact on global supply chains.

12) _____

- ◎ true
- ◎ false

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

13) Containerization has revolutionized the transportation business, significantly lowering the costs of shipping goods over long distances.

13) _____

- ◎ true
- ◎ false

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

14) Moore's law helps determine the most appropriate transportation method for a produced good.

14) _____

- ◎ true
- ◎ false

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

15) Fifty years ago, the U.S. was struggling to find its place in the world economy and world trade picture.

15) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
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

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16) The outward stock of foreign direct investment refers to the total cumulative value of foreign investments by firms domiciled in a nation outside of that nation's borders.

16) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

17) Throughout the 1990s, the amount of investment directed at both developed and developing nations increased dramatically.

17) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-03 Describe the changing nature of the global economy.
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Gradable : automatic

18) A domestic enterprise is any business that has productive activities in at least two countries.

18) _____

- ◎ true
- ◎ false

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Question Details
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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

19) Today, many of the former communist nations of Europe and Asia seem to share a commitment to democratic policies and free market economies.

19) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

20) The amount of foreign direct investment in China has been increasing since the 1980s.

20) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Difficulty : 2 Medium
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

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21) According to many influential economists, the increase in international trade and cross-border investment will result in an increase in the prices of goods and services.

21) _____

- ◎ true
- ◎ false

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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) One criticism of globalization is that falling trade barriers encourage companies to locate manufacturing activities in another country to take advantage of lower wage rates.

22) _____

- ◎ true
- ◎ false

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

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

23) _____

- ◎ true
- ◎ false

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Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 1 Easy
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and
Topic : Challenges and Opportunities Created by Globalization
Gradable : automatic

24) The range of problems that a manager in an international business faces is typically more complex than those faced by a manager in a domestic business.

24) _____

- ◎ true
- ◎ false

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

25) As a result of globalization, international businesses can avoid the haggle of currency exchanges during cross-border transactions.

25) _____

- ◎ true
- ◎ false

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

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

26) Many believe that globalization has created a convergence in

26) _____

A) the volume of goods and services produced.
B) foreign exchange transaction law.
C) environmental and labor laws.
D) consumer taste preferences.
E) the regulation of markets.

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

27) What is the shift toward a more integrated and interdependent world economy called?

27) _____

A) international trade
B) foreign direct investment
C) globalization
D) Moore's Law
E) containerization

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

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28) Fast food chain restaurants promote different menu choices in different countries depending on a range of factors such as demographics, local taste, income levels, and cultural values. This demonstrates that

28) _____

A) significant differences still exist among national markets.
B) cultural diversity has been replaced by global uniformity.
C) the global market is less complex than national markets.
D) only multinational giants can benefit from the globalization of markets.
E) the social norms in a country do not affect purchase decisions of consumers.

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

29) Which statement best supports the claim that greater uniformity replaces diversity in the context of global markets?

29) _____

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A) Differences in business systems and legal regulations lead companies to customize their marketing strategies, product features, and operating practices to best match conditions in a particular country.

B) As rival global firms follow each other across countries, they bring with them their brand names, products, and marketing strategies from other national markets, thus creating some homogeneity across markets.

C) Truly innovative companies succeed by developing products that serve specific needs of the local markets.

D) The volume of goods, services, and investment crossing national borders has expanded at a slower rate than world output for more than half a century.

E) The most global of markets are not typically markets for consumer products, as significant differences in consumer tastes and preferences still exist among national markets.

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

30) Simpson Manufacturing produces high-end kitchen appliances and currently sources component parts for these machines from fifteen different companies around globe. They use these sources to take advantage of lower costs. This demonstrates the idea of

30) _____

A) globalization of markets.
B) containerization of production.
C) dispersal of production.
D) globalization of production.
E) industrialization of 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 : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : automatic

31) Which of these companies is taking advantage of the globalization of production?
31) _____

A) Seamless Fabrics, an American textile manufacturer, buys fabric from France and exports it to India for garment production.
B) Tylor Group, a U.S.-based fashion designer, is planning to open a flagship store in China to serve the Asian market.
C) Miss T. Waters, a U.K. facial products company, serves customers worldwide through its local franchises.
D) Golden Pony Inc. uses sales personnel from the respective host country to sell its products and services.
E) Lotza Pie, an Italian pizza chain, customizes its pizzas and pastas to suit the tastes of its American and Australian customers.

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

32) Kettle Moraine Corporation sources goods and services for its gardening products from different locations around the globe in an attempt to take advantage of differences in the cost and quality of labor and land. This practice is an example of the
32) _____

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A) globalization of production.
B) globalization of markets.
C) dislocation of a developing nation's economy.
D) restriction on foreign direct investment.
E) regulation of the environment.

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

33) The labor, energy, land, and capital a country relies on to source goods and services are known as

33) _____

A) trade tariffs.
B) the globalization of markets.
C) the marketing mix.
D) the globalization of production.
E) factors of production.

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

34) During early globalization efforts, outsourcing was typically confined to _____ activities.

34) _____

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A) agricultural
B) financial
C) legal
D) manufacturing
E) service

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

35) Which global institution do nation-states whose economies are in turmoil turn to as the lender of last resort?

35) _____

A) World Trade Organization
B) World Bank
C) Peace Corps
D) International Monetary Fund
E) United Nations

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : Various Types of Institutions in Global Business
Gradable : automatic

36) Countries that receive loans from the IMF are required to

36) _____

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A) become a member of the United Nations.
B) allow developed nations to create businesses in their country.
C) enforce a democratic government.
D) use the funds to help individual citizens.
E) adopt specific economic policies to attain stabilization.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : Various Types of Institutions in Global Business
Gradable : automatic

37) According to the UN Charter, one of the four purposes of the UN is to

37) _____

A) develop friendly relations among nations.
B) encourage high tariffs on imports of manufactured goods.
C) provide enhanced protection for patents.
D) promote the establishment of multinational treaties.
E) facilitate globalization of production.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : Various Types of Institutions in Global Business
Gradable : automatic

38) A macro factor underlying the trend toward greater globalization is the

38) _____

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A) rise of communism across the globe.
B) increase in nationalization of private organizations.
C) increase in diversity in consumer tastes and preferences.
D) increase in trade regulations across the globe.
E) dramatic developments in information processing and other technologies.

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

39) Which scenario *best* demonstrates foreign direct investment?

39) _____

A) Lux Linens, a fabric conglomerate in the United States, imports raw silk from China and Italy.
B) Domesticity, a U.S.-based office furniture company, has set up its own assembly plant in Japan to cater to the needs of the Asian market.
C) Super Blooms, a reputable vegetable plant company in Holland, exports tomato, pepper, and potato garden plants across the globe.
D) Salia started a Polish restaurant in her home country, the United States, after she took cooking lessons from a well-known chef in Poland.
E) Ups n Downs Inc., a Chinese firm, supplies roller coaster components in the United States.

Question Details
Accessibility : Keyboard Navigation
Learning Objective : 01-02 Recognize the main drivers of globalization.
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AACSB : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : automatic

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40) Morning Fresh Skin Care, a U.S.-based beauty products manufacturer, has set up a manufacturing plant in Hong Kong. This is an example of

40) _____

A) foreign direct investment.
B) international trade.
C) exporting.
D) global rivalry.
E) the globalization of markets.

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

41) Monique, a French fashion designer, sells her merchandise by exporting it to retail stores in the United States, United Kingdom, and Brazil. According to this information, Monique is participating in

41) _____

A) foreign direct investment.
B) globalization of production.
C) international trade.
D) multinational enterprise.
E) outsourcing.

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

42) For foreign direct investment (FDI) to occur, a firm should primarily

42) _____

A) conduct cross-border bartering with neighboring countries.
B) invest resources in business activities outside its home country.
C) export goods or services to consumers in another country.
D) import goods or services from producers in another country.
E) support strong barriers to international trade.

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

43) Why did many nations impose high tariffs on imports of manufactured goods prior to World War II?

43) _____

A) to protect domestic industries from foreign competition
B) to prevent the occurrence of the Great Depression
C) to safeguard patents, copyrights, and trademarks
D) to promote the trade of services over the trade of manufactured goods
E) to deter any possible attempts to promote communism

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

44) The main goal of GATT was to

44) _____

A) limit foreign competition.
B) make loans to struggling nations.
C) increase domestic competition.
D) privatize state-owned organizations.
E) reduce trade barriers.

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

45) One result of the Uruguay Round was

45) _____

A) increased trade and investment barriers.
B) excluding the trade of services from international trade.
C) transforming the World Trade Organization into GATT.
D) enhanced protection for patents, trademarks, and copyrights.
E) promoting the worldwide rise of communism.

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

46) What is implied by the fact that in today's marketplace, the volume of world trade has been growing faster than world GDP?

46) _____

A) More companies are relying on domestic firms to obtain parts of their production process.
B) The economies of the world's nation-states are becoming more intertwined.
C) Fewer companies are dispersing parts of their production process to locations around the globe.
D) The world has experienced a loss of overall wealth in the last two decades.
E) More countries are imposing trade barriers to minimize competition.

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

47) While the lowering of trade barriers made globalization of markets and production a theoretical possibility, what has made it a tangible reality?

47) _____

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A) the advances in communication, information processing, and transportation technologies

B) the rise of communism and the need for independent economies on a global scale

C) the increasing diversity in consumer tastes and preferences worldwide

D) the increasing differences in the material culture the world over

E) the decreasing significance of the World Trade Organization

Question Details
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Learning Objective : 01-02 Recognize the main drivers of globalization.
Topic : Drivers of Globalization
Gradable : automatic

48) Christian bought his son, Eric, a computer two years ago. Recently, he decided to buy his daughter, Brigette, a computer of her own. When applying Moore's Law to the two-year gap between the purchase of the computers, it is most likely that

48) _____

A) Christian paid a higher price for Brigette's computer.

B) Eric's computer would have a microprocessor with better power than that of Brigette's.

C) both Eric's and Brigette's computers would cost Christian the same price.

D) the microprocessor in Brigette's computer would be more advanced in terms of power than that of Eric's.

E) the power of the microprocessors, in both Eric and Brigette's computers, would be the same.

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

49) Sanjay purchased a computer for $500 in 2018. Compared to the $900 computer that he purchased in 2011, the new one seems better in terms of the price he has paid and the power of the microprocessor technology. This is best explained by

49) _____

A) product liability.
B) property rights.
C) Moore's law.
D) purchasing power parity.
E) sustainable strategies.

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

50) Bethany has been assigned the task of shipping all of the exhibit parts for the trade show her company is participating in to Germany. She works with a shipping company and has all the parts packaged together in a crate that will be lifted directly from the company truck to the airplane. When the crate arrives in Germany it will go directly onto another truck and will be delivered to the convention center. What innovation in transportation is Bethany using?

50) _____

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A) exporting
B) communication
C) containerization
D) sustainability
E) customization

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

51) What country has seen a relative decline in its share of world output between 1960 and 2018?

51) _____

A) United States
B) Brazil
C) Thailand
D) China
E) South Korea

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

52) Which statement reflects the changing demographics of the global economy?

52) _____

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A) U.S. dominance in export markets has waned as Japan, Germany, and a number of newly industrialized countries have taken a larger share of world exports.

B) The change in the position of the United States in terms of the share of world output is the result of the absolute decline in the health of the global economy.

C) From 1960 to 2010, countries that experienced a large decrease in their share of world output include Japan, Thailand, Malaysia, Taiwan, and South Korea.

D) The United States is the only developed nation to see its relative standing in the share of world output slip.

E) Today, roughly half the globe—the centrally planned economies of the communist world—is off-limits to Western international businesses.

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

53) The change in the United States' position as a dominant industrial power is characterized as a relative decline because it

53) _____

A) is the direct result of an isolationism policy.
B) doesn't account for entrepreneurial activity.
C) actually increased compared to some other developed nations.
D) accounts for the production of goods and services.
E) reflects the faster economic growth of several other economies.

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Question Details
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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

54) Due to the changing economic geography, many of tomorrow's economic opportunities are most likely to be found in the

54) _____

A) rich industrialized nations of the world like Great Britain and Germany.
B) centrally planned economies of the communist world.
C) United States.
D) developing nations of the world such as China, India, and Brazil.
E) countries that are currently not members of the World Trade Organization.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

55) When trade barriers began to fall, what was the motivation for much of the foreign direct investment by non-U.S. firms?

55) _____

A) desire to disperse production activities to optimal locations
B) need to suppress emerging economies such as China, India, and Brazil
C) demand for skilled workers in foreign nations
D) lack of adequate environmental regulations
E) establishment of multinational treaties

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Question Details
AACSB : Analytical Thinking
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

56) The outward stock of foreign direct investment refers to

56) _____

A) the purchasing power associated with current investments.
B) the ability to leverage FDI when negotiating with a foreign entity.
C) the total cumulative value of foreign investments by firms domiciled in a nation outside of that nation's borders.
D) the value of foreign investment when accounting for tariffs and other government-imposed costs.
E) the number of foreign investments a company has compared to the number of domestic investments.

Question Details
AACSB : Analytical Thinking
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

57) Tomorrow's Tech Inc., a U.S.-based company, has productive activities in more than two countries. Tomorrow's Tech is what type of enterprise?

57) _____

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A) state-owned
B) universal
C) private
D) multinational
E) public

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

58) Ivory Piano is headquartered in Michigan and has production plants in Mexico and Indonesia. Ivory Piano is an example of

58) _____

A) an acquisition.
B) a multinational enterprise.
C) a factor endowment.
D) a global trader.
E) a domestic company.

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

59) What are mini-multinationals?

59) _____

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A) multinational firms from relatively small countries in terms of area
B) multinationals from the developing nations of the world
C) multinational firms that operate in only one foreign country
D) medium- and small-size multinationals
E) subsidiaries of large multinationals in foreign countries

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

60) One advancement that has lowered the barriers many small firms face when building international sales is

60) _____

A) containerization.
B) JIT inventory systems.
C) government-imposed quotas.
D) air and railway systems.
E) the Internet.

Question Details
AACSB : Analytical Thinking
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

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61) Organic Cookies, a U.K.-based company employing just 30 people worldwide, generates $1.5 million in revenues of which 60 percent comes from exports to Asian countries. Organic Cookies is most likely classified as a

61) _____

A) large domestic firm.
B) mini-multinational firm.
C) greenfield firm.
D) foreign firm.
E) multinational giant.

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
AACSB : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : automatic

62) What is acting as a deterrent for foreign firms willing to do business with former communist nations of Eastern Europe and Central Asia?

62) _____

A) high levels of economic development in these countries
B) signs of growing unrest and totalitarian tendencies seen in these countries
C) strong commitment to market-based economic systems seen in these countries
D) collapse of communism in these countries
E) low returns involved in doing business in these countries

Question Details
AACSB : Analytical Thinking
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

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63) What is an accurate characterization of the role of international business investments in Latin America today?

63) _____

A) Foreign investment by Western international business is frowned upon.
B) Debt and inflation are down and foreign investment is welcomed.
C) Latin America is plagued with low growth, high debt, and hyperinflation that discourages investment.
D) Latin American governments are purchasing businesses from private investors.
E) There are fewer opportunities for investment because of communist rule.

Question Details
AACSB : Analytical Thinking
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

64) What country in Latin America has seen a significant expansion in their economy in the past two decades?

64) _____

A) Argentina
B) Peru
C) Chile
D) Paraguay
E) Panama

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Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

65) Which statement reflects a general implication of globalization?

65) _____

A) Globalization is inevitable.
B) Fewer nations are joining the ranks of the developed world.
C) Globalization has no negative impacts on the economies of the developed world.
D) Globalization has reduced the risks associated with global financial contagion.
E) The COVID-19 pandemic called into question the wisdom of relying on globally dispersed production systems.

Question Details
AACSB : Analytical Thinking
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

66) An argument in support of the falling barriers to international trade and investment is that the falling barriers

66) _____

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A) prohibit countries from specializing in the production of goods and services.
B) drive the global economy toward greater prosperity.
C) reduce the need to export jobs overseas.
D) increase the bargaining power of business firms by decreasing the incomes of consumers.
E) reduce attacks from foreign competitors.

Question Details
AACSB : Analytical Thinking
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

67) Opponents to globalization believe that when U.S. companies outsource service activities, such as call centers, to a lower-cost foreign supplier, it results in

67) _____

A) higher living standards in those countries that "export" the jobs.
B) higher unemployment in wealthy advanced economies such as the United States.
C) an increase in the income levels in those nations that "export" the jobs.
D) lower standards of living in those countries to which the jobs are exported.
E) reduced specialization in the production of goods and services.

Question Details
AACSB : Analytical Thinking
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

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68) According to globalization opponents, what has increased in wealthy advanced economies as a result of globalization?

68) _____

A) unemployment
B) price of goods and services
C) demand for unskilled workers
D) standard of living
E) job opportunities

Question Details
AACSB : Analytical Thinking
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

69) Those who support globalization recognize that while some concessions occur during the process of globalization, ultimately, it still works because

69) _____

A) all retaliatory trade policies have been eliminated.
B) the benefits outweigh the costs.
C) democratic governments follow this pattern.
D) the costs affect very few people.
E) nations need to import goods they are efficient at producing.

Question Details
AACSB : Analytical Thinking
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

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70) Globalization critics argue that the decline in unskilled wage rates in advanced economies is due to the

70) _____

A) migration of low-wage manufacturing jobs offshore.
B) technology-induced shift toward jobs that require significant education and skills.
C) increased supply of highly skilled workers.
D) increasing demand for unskilled workers.
E) reducing national differences in the cost of labor between developed and developing nations.

Question Details
AACSB : Analytical Thinking
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

71) Growing income inequality between the skilled and unskilled workers in advanced nations, such as the United States, is a result of the

71) _____

A) wages for skilled workers being bid up by the labor market and the wages for unskilled workers being discounted.
B) decrease in the outsourcing of low-wage manufacturing jobs offshore and a corresponding increase in demand for unskilled workers.
C) shift within advanced economies toward jobs where the only qualification is the willingness to turn up for work every day.
D) increasing wage gap between developing and developed nations.
E) shortage of unskilled workers and an excess supply of highly skilled workers.

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Question Details
AACSB : Analytical Thinking
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

72) Sun Petroleum Corp. recently moved its operations from Galveston, Texas, to Somalia. The decision to move was the result of new federal regulations regarding clean air standards that all petroleum corporations are subjected to. A critic of globalization would say this example demonstrates what concern?

72) _____

A) Free trade discourages firms from advanced nations to move manufacturing facilities to less developed countries.
B) Facilities in advanced nations are moving to less developed countries that have lower environmental regulations.
C) Manufacturing enterprises are put at a competitive disadvantage by moving their production facilities to nations that do not have burdensome regulations.
D) As countries get richer, they relax their environmental and labor regulations.
E) More countries are working to meet the strict environmental standards set by the U.S. government.

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
AACSB : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : automatic

73) The North American Free Trade Agreement (NAFTA) was formed in 1994 among

73) _____

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A) Canada, Mexico, and the United States.
B) the United States, Brazil, and Argentina.
C) Canada, Argentina, and Mexico.
D) Colombia, Venezuela, and Brazil.
E) Uruguay, Colombia, and Costa Rica.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
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

74) A supporter of globalization would agree that

74) _____

A) environmental regulations need to be standardized around the world to equalize the economy.
B) free trade agreements should be tied to higher environmental standards.
C) tougher environmental regulations ultimately result in economic progress.
D) a lack of environmental standards results in more job opportunities in developed nations.
E) stricter labor standards eventually result in an economic downturn.

Question Details
AACSB : Analytical Thinking
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

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75) Econometric studies show a hump-shaped relationship between income levels and pollution levels. Which of these statements reflects that relationship?

75) _____

A) As an economy grows and income levels rise, initially pollution levels also rise.
B) Decreasing income levels lead to an increase in pollution levels.
C) As an economy grows, pollution levels show a constant increase.
D) Economies that are in turmoil reflect pollution levels that are diminishing.
E) Income levels do not have any correlation with pollution levels.

Question Details
AACSB : Analytical Thinking
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

76) UN-sponsored talks concerning the reduction of carbon dioxide emissions has resulted in

76) _____

A) little success in achieving goals for reducing carbon emissions.
B) an equalized distribution of emission standards across the world rather than a centralized distribution in westernized nations.
C) complete eradication of all carbon dioxide emissions.
D) a nearly 50% reduction in carbon dioxide emissions.
E) tighter pollution controls in both China and the United States.

Question Details
AACSB : Analytical Thinking
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

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77) The WTO arbitrates trade disputes between its member states. What is one power of particular interest that the WTO can use?

77) _____

A) It can restrict the membership of nations in other supranational organizations such as the United Nations.
B) It can grant loans to cash-strapped governments in poor nations.
C) It supersedes IMF and has complete authority over IMF's actions.
D) It can issue a ruling instructing a member-state to change trade policies that violate GATT regulations.
E) It can make decisions related to international trade without considering the collective interests of member-states.

Question Details
AACSB : Analytical Thinking
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

78) When compared to the past, the gap between rich and poor nations today has

78) _____

A) shown no significant change
B) gotten bigger.
C) become inexistent.
D) become balanced.
E) gotten smaller.

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Question Details
AACSB : Analytical Thinking
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

79) Free trade alone, some argue, is a necessary but not sufficient prerequisite to help "highly indebted poorer countries" (HIPCs) bootstrap themselves out of poverty. They also recommend implementing

79) _____

A) a highly regulated command economy.
B) weaker property rights laws.
C) weaker labor regulations.
D) large-scale debt relief.
E) rapid expansion in population.

Question Details
AACSB : Analytical Thinking
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

80) One suggestion for helping poor countries enjoy the benefits of free trade is for richer nations to reduce barriers to importing products from those nations particularly for _____ and agricultural products.

80) _____

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A) electronic
B) textiles
C) service
D) financial
E) manufacturing

Question Details
AACSB : Analytical Thinking
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

81) The minimum that a firm has to do to engage in international business is to

81) _____

A) export or import products from other countries.
B) invest directly in operations in another country.
C) establish joint ventures or strategic alliances with companies in other countries.
D) export low-wage manufacturing jobs to companies in other countries.
E) develop franchises and subsidiaries in other countries.

Question Details
AACSB : Analytical Thinking
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

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82) Xavier is the executive general manager of a U.S.-based multinational corporation. Midge is a manager in a similar position but works for an American company that operates only in the U.S. and does not engage in international business. In this context, which business function will be most typically exclusive to Xavier?

82) _____

A) marketing a product or service
B) maintaining healthy relations with the U.S. government
C) developing a business strategy
D) adhering to labor and environmental standards
E) choosing an appropriate mode for entering a particular foreign country

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

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

83) What is globalization? Explain, with examples, how global companies can facilitate the creation of a global market.

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

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84) Discuss what types of markets are reflected in the most global of markets. Describe what types of products these markets include.

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

85) What are the roles of the International Monetary Fund (IMF) and the World Bank? Which of these institutions is more controversial? Why?

Question Details
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : Various Types of Institutions in Global Business
AACSB : Reflective Thinking
Gradable : manual

86) Discuss the role of the Group of Twenty.

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-01 Understand what is meant by the term globalization.
Topic : Various Types of Institutions in Global Business
Gradable : manual

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87) Explain the factors that led to the Great Depression of the 1930s.

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

88) Describe the implications that result as the volume of world trade continues to grow faster than world GDP.

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

89) Briefly discuss the ways in which technological change and the Internet have affected globalization.

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

90) Define containerization and explain how it has changed the way goods are transported around the world.

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

91) Discuss the U.S.'s position as the world's leading trading nation since the 1980s.

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

92) Elaborate on why globalization is not inevitable.

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

93) Discuss how supporters and opponents of globalization regard its effect on jobs and income.

Question Details
AACSB : Analytical Thinking
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 : manual

94) Discuss antiglobalization protest patterns that followed the protest in Seattle in 1999. Describe how Trump's election reflected the antiglobalization movement.

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
AACSB : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

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95) Explain how supporters of globalization view the idea that the decline in unskilled wage rates and the demand for unskilled workers is due to the migration of low-wage manufacturing jobs offshore.

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
AACSB : Knowledge Application
Bloom's : Apply
Difficulty : 3 Hard
Gradable : manual

96) What are the various reasons for economic stagnation in many of the world's poorest countries?

Question Details
AACSB : Analytical Thinking
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 : manual

97) What are some of the challenges faced by managers of an international business?

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Question Details
AACSB : Analytical Thinking
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 : manual

98) How is managing an international business different from managing a purely domestic business?

Question Details
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Bloom's : Understand
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 : manual

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Global Business Today 12th Edition by Hill CH01

Answer Key

Test name: CH01

1) FALSE
The *globalization of markets* refers to the merging of historically distinct and separate national markets into one huge global marketplace. Falling barriers to cross-border trade and investment have made it easier to sell internationally.

2) FALSE
3) FALSE
4) TRUE
5) TRUE
6) TRUE
7) TRUE
8) TRUE
9) TRUE
10) FALSE
11) FALSE
12) FALSE
13) TRUE
14) FALSE
15) FALSE
16) TRUE
17) TRUE
18) FALSE
19) TRUE
20) TRUE
21) FALSE

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22) TRUE
23) FALSE
24) TRUE
25) FALSE
26) D
The *globalization of markets* refers to the merging of historically distinct and separate national markets into one huge global marketplace. Falling barriers to cross-border trade and investment have made it easier to sell internationally. It has been argued for some time that the tastes and preferences of consumers in different nations are beginning to converge on some global norm, thereby helping create a global market.

27) C
Globalization refers to the shift toward a more integrated and interdependent world economy. Globalization has several facets, including the globalization of markets and the globalization of production.

28) A
Significant differences still exist among national markets along many relevant dimensions, including consumer tastes and preferences, distribution channels, culturally embedded value systems, business systems, and legal regulations. These differences frequently require companies to customize marketing strategies, product features, and operating practices to best match conditions in a particular country.

29) B
As firms follow each other around the world, they bring with them many of the assets that served them well in other national markets—including their products, operating strategies, marketing strategies, and brand names—creating some homogeneity across markets. Thus, greater uniformity replaces diversity.

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30) D
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.

31) A
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).

32) A
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).

33) E
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).

34) D
Early outsourcing efforts were primarily confined to manufacturing activities, such as those undertaken by Boeing and Apple. Increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

35) D

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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.

36) E
IMF loans come with strings attached. In return for loans, the IMF requires nation-states to adopt specific economic policies aimed at returning their troubled economies to stability and growth. These requirements have sparked controversy. Some critics maintain that by telling national governments what economic policies they must adopt, the IMF is usurping the sovereignty of nation-states.

37) A
According to the UN charter, the UN has four purposes: to maintain international peace and security, to develop friendly relations among nations, to cooperate in solving international problems and in promoting respect for human rights, and to be a center for harmonizing the actions of nations.

38) E
Two macro factors underlie the trend toward greater globalization. The first is the decline in barriers to the free flow of goods, services, and capital that has occurred in recent decades. The second factor is technological change, particularly the dramatic developments in recent decades in communication, information processing, and transportation technologies.

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

40) A

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

41) C
International trade refers to the exporting of goods or services to consumers in another country.

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

43) A
During the 1920s and 1930s, many of the world's nation-states erected formidable barriers to international trade and foreign direct investment. Many of the barriers to international trade took the form of high tariffs on imports of manufactured goods. The typical aim of such tariffs was to protect domestic industries from foreign competition.

44) E
Having learned from this experience, the advanced industrial nations of the West committed themselves after World War II to progressively reducing barriers to the free flow of goods, services, and capital among nations. This goal was enshrined in the General Agreement on Tariffs and Trade.

45) D
The Uruguay Round 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.

46) B

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The fact that the volume of world trade has been growing faster than world GDP implies several things. First, more firms are doing what Boeing does with the 777 and 787 models: dispersing parts of their production process to different locations around the globe to drive down production costs and increase product quality. 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.

47) A
The lowering of trade barriers made globalization of markets and production a theoretical possibility. Technological change has made it a tangible reality.

48) D
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).

49) C
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).

50) C

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Containerization has revolutionized the transportation business, significantly lowering the costs of shipping goods over long distances. In economic terms, the most important are probably the development of commercial jet aircraft and superfreighters and the introduction of *containerization*, which simplifies transshipment from one mode of transport to another.

51) A
In the early 1960s, the United States was still by far the world's dominant industrial power. In 1960, the United States accounted for 38.3 percent of world output, measured by gross domestic product (GDP). By 2018, the United States accounted for 15.8 percent of world output, still the world's largest industrial and commercial power but down significantly in relative size. 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.

52) A
Over the past 30 years, U.S. dominance in export markets has waned as Japan, Germany, and a number of newly industrialized countries such as South Korea and China have taken a larger share of world exports.

53) E

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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.

54) D
Many of tomorrow's economic opportunities may be found in the developing nations of the world, and many of tomorrow's most capable competitors will probably also emerge from these regions.

55) A
The motivation for much of the 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.

56) C
The outward stock of foreign direct investment refers to the total cumulative value of foreign investments by firms domiciled in a nation outside of that nation’s borders.

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

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

59) D
Medium- and small-size multinationals are called mini-multinationals.

60) E

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Although most international trade and investment is still conducted by large firms, many medium- and small-size businesses are becoming increasingly involved in international trade and investment. The rise of the Internet is lowering the barriers that small firms face in building international sales.

61) B
A trend in international business has been the growth of medium- and small-size multinationals (mini-multinationals).

62) B
Disturbing signs of growing unrest and totalitarian tendencies continue to be seen in several Eastern European and Central Asian states. Thus, the risks involved in doing business in such countries are high, but so may be the returns.

63) B
In the past two decades, much has changed in 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.

64) C
In the past two decades, much of this has changed. 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. These changes have increased the attractiveness of Latin America, both as a market for exports and as a site for foreign direct investment.

65) E

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During 2008–2009, a crisis that started in 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. Similarly, the spread of the COVID-19 pandemic around the world in 2020 seriously disrupted global supply chains and called into question the wisdom of relying upon globally dispersed production systems.

66) B
Many influential economists, politicians, and business leaders argue that falling barriers to international trade and investment are the twin engines driving the global economy toward greater prosperity.

67) B
The popular feeling is that when corporations outsource service activities to lower-cost foreign suppliers they are "exporting jobs" to low-wage nations and contributing to higher unemployment and lower living standards in their home nations.

68) A
One concern frequently voiced by globalization opponents is that falling barriers to international trade destroy manufacturing jobs in wealthy advanced economies such as the United States and western Europe. In the past few years, the same fears have been applied to services, which have increasingly been outsourced to nations with lower labor costs. The popular feeling is that when corporations such as Dell, IBM, or Citigroup outsource service activities to lower-cost foreign suppliers—as all three have done—they are "exporting jobs" to low-wage nations and contributing to higher unemployment and lower living standards in their home nations (in this case, the United States).

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69) B
Supporters of globalization reply that critics of these trends miss the essential point about free trade agreements—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.

70) A
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.

71) A
Growing income inequality is a result of the wages for skilled workers being bid up by the labor market and the wages for unskilled workers being discounted.

72) B
Globalization critics often argue that adhering to labor and environmental regulations significantly increases the costs of manufacturing enterprises and puts them at a competitive disadvantage in the global marketplace vis-à-vis firms based in developing nations that do not have to comply with such regulations. A source of concern is that free trade encourages firms from advanced nations to move manufacturing facilities to less developed countries that lack adequate regulations to protect labor and the environment from abuse by the unscrupulous.

73) A
The North American Free Trade Agreement (NAFTA) was formed in 1994 among Canada, Mexico, and the United States.

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74) C
Supporters argue that tougher environmental regulations and stricter labor standards go hand in hand with economic progress. In general, as countries get richer, they enact tougher environmental and labor regulations.

75) A
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.

76) A
Although UN-sponsored talks have had reduction in carbon dioxide emissions as a central aim since the 1992 Earth Summit in Rio de Janeiro, until recently there has been little success in moving toward the ambitious goals for reducing carbon emissions laid down in the Earth Summit and subsequent talks in Kyoto, Japan, in 1997, Copenhagen in 2009, and Paris in 2015, for example. In part, this is because the largest emitters of carbon dioxide, the United States and China, failed to reach agreements about how to proceed. China, a country whose carbon emissions are increasing at a rapid rate, has until recently shown little appetite for tighter pollution controls.

77) D
The WTO arbitrates trade disputes between its 164 member states. The arbitration panel of the WTO can issue a ruling instructing a member state to change trade policies that violate GATT regulations. If the violator refuses to comply with the ruling, the WTO allows other states to impose appropriate trade sanctions on the transgressor.

78) B

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Critics of globalization argue that despite the supposed benefits associated with free trade and investment, over the past 100 years or so the gap between the rich and poor nations of the world has gotten wider. In 2019, the 34 member states of the Organisation for Economic Co-operation and Development (OECD), which includes most of the world's rich economies, had an average gross national income (GNI) per person of more than $40,000, whereas the world's 40 least-developed countries had a GNI of under $1,000 per capita—implying that income per capita in the world's 34 richest nations was 40 times that in the world's 40 poorest.

79) D
Free trade alone is a necessary, but not sufficient prerequisite to help HIPCs 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.

80) B
The richest nations of the world also can help by reducing barriers to the importation of products from the world's poorest nations, particularly tariffs on imports of agricultural products and textiles. High-tariff barriers and other impediments to trade make it difficult for poor countries to export more of their agricultural production.

81) A
All a firm has to do to engage in international business is export or import products from other countries.

82) E

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The managers in an international business must decide which foreign markets to enter and which to avoid. They must choose the appropriate mode for entering a particular foreign country.

83) Globalization refers to the shift toward a more integrated and interdependent world economy. One facet, the globalization of markets, refers to the merging of historically distinct and separate national markets into one huge global marketplace. Falling barriers to cross-border trade have made it easier to sell internationally. It has been argued for some time that the tastes and preferences of consumers in different nations are beginning to converge on some global norm, thereby helping to create a global market. Consumer products such as Citigroup credit cards, Coca-Cola soft drinks, Sony PlayStation video games, McDonald's hamburgers, Starbucks coffee, IKEA furniture, and Apple iPhones are frequently held up as prototypical examples of this trend; they are also facilitators of it. By offering the same basic product worldwide, they help to create a global market.

84) 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. They are markets for industrial goods and materials that serve universal needs the world over. These include markets for commodities such as aluminum, oil, and wheat; for industrial products such as microprocessors, DRAMs (computer memory chips), and commercial jet aircraft; for computer software; and for financial assets, from U.S. Treasury bills to Eurobonds, and futures on the Nikkei index or the euro. That being said, it is increasingly evident that many newer high-technology consumer products, such as Apple’s iPhone, are being successfully sold the same way the world over.

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85) 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. The IMF is the more 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. IMF loans come with strings attached, however; in return for loans, the IMF requires nation-states to adopt specific economic policies aimed at returning their troubled economies to stability and growth. These requirements have sparked controversy. Some critics charge that the IMF's policy recommendations are often inappropriate; others maintain that by telling national governments what economic policies they must adopt, the IMF is usurping the sovereignty of nation-states. On the other hand, the World Bank 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).

86) Another institution in the news is the *Group of Twenty (G20).* Established in 1999, 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. Collectively, the G20 represents 90 percent of global GDP and 80 percent of international global trade. Originally 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, ushering in the first serious global economic recession since 1981.

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87) During the 1920s and 1930s, many of the world's nation-states erected formidable barriers to international trade and foreign direct investment. Many of the barriers to international trade took the form of high tariffs on imports of manufactured goods. The typical aim of such tariffs 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.

88) The fact that the volume of world trade has been growing faster than world GDP implies several things. First, more firms are doing what Boeing does with the 777 and 787: dispersing parts of their production process to different locations around the globe to drive down production costs and increase product quality. 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.

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89) The lowering of trade barriers made globalization of markets and production a theoretical possibility. Technological change has made it a tangible reality. Since the end of World War II, the world has seen major advances in communication, information processing, and transportation technology, including the explosive emergence of the Internet.

Over the past 30 years, global communications have been revolutionized by developments in satellite, optical fiber, wireless technologies, and the Internet. These technologies rely on the microprocessor to encode, transmit, and decode the vast amount of information that flows along these electronic highways.

Viewed globally, the Internet has emerged as an equalizer. It rolls back some of the constraints of location, scale, and time zones. The Internet makes it much easier for buyers and sellers to find each other, wherever they may be located and whatever their size. It allows businesses, both small and large, to expand their global presence at a lower cost than ever before. Just as important, it enables enterprises to coordinate and control a globally dispersed production system in a way that was not possible 25 years ago.

In economic terms, the most important are probably the development of commercial jet aircraft and superfreighters and the introduction of containerization, which simplifies transshipment from one mode of transport to another. Containerization has revolutionized the transportation business, significantly lowering the costs of shipping goods over long distances.

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90) In addition to developments in communications technology, several major innovations in transportation technology have occurred since the 1950s. In economic terms, the most important are probably the development of commercial jet aircraft and superfreighters and the introduction of containerization, which simplifies transshipment from one mode of transport to another. Containerization has revolutionized the transportation business, significantly lowering the costs of shipping goods over long distances. Because the international shipping industry is responsible for carrying about 90 percent of the volume of world trade in goods, this has been an extremely important development. Before the advent of containerization, moving goods from one mode of transport to another was very labor intensive, lengthy, and costly. It could take days and several hundred longshore workers to unload a ship and reload goods onto trucks and trains. With the advent of widespread containerization in the 1970s and 1980s, the whole process can now be executed by a handful of longshore workers in a couple of days. As a result of the efficiency gains associated with containerization, transportation costs have plummeted, making it much more economical to ship goods around the globe, thereby helping drive the globalization of markets and production.

91) By the end of the 1980s, the U.S.'s position as the world's leading trading nation was being challenged. Over the past 30 years, U.S. dominance in export markets has waned as Japan, Germany, and a number of newly industrialized countries such as South Korea and China have taken a larger share of world exports. During the 1960s, the United States routinely accounted for 20 percent of world exports of manufactured goods. The U.S. share of world exports of goods and services has slipped to 8.2 percent, significantly behind that of China.

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92) The world may be moving toward a more global economic system, but globalization is not inevitable. Countries may pull back from the recent commitment to liberal economic ideology if their experiences do not match their expectations. There are clear signs, for example, of a retreat from liberal economic ideology in Russia. If Russia's hesitation were to become more permanent and widespread, the liberal vision of a more prosperous global economy based on free market principles might not occur as quickly as many hope. Clearly, this would be a tougher world for international businesses.

93) Globalization opponents argue that falling barriers to international trade destroy manufacturing jobs in wealthy advanced economies such as the United States and Western Europe. Falling barriers allow firms to move manufacturing activities to countries where wage rates are much lower. Because of this, wage rates of poorer Americans have fallen significantly over the past quarter of a century. Supporters of globalization 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.

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94) Emboldened by the experience in Seattle, antiglobalization protesters have made a habit of turning up at major meetings of global institutions. Smaller-scale protests have periodically occurred in several countries, such as France, where antiglobalization activists destroyed a McDonald's restaurant in 1999 to protest the impoverishment of French culture by American imperialism. While violent protests may give the antiglobalization effort a bad name, it is clear from the scale of the demonstrations that support for the cause goes beyond a core of anarchists. Large segments of the population in many countries believe that globalization has detrimental effects on living standards, wage rates, and the environment. Indeed, the strong support for Donald Trump in the 2016 U.S. election was primarily based on his repeated assertions that trade deals had exported U.S. jobs overseas and created unemployment and low wages in America. Since taking office, Trump has pursued policies that have pushed back against globalization in its current form.

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95) 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. However, supporters of globalization see a more complex picture. They 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. They point out that many advanced economies report a shortage of highly skilled workers and an excess supply of unskilled workers. Thus, growing income inequality is a result of the wages for skilled workers being bid up by the labor market and the wages for unskilled workers being discounted. In fact, evidence suggests that technological change has had a bigger impact than globalization on the declining share of national income enjoyed by labor. This suggests that a solution to the problem of slow real income growth among the unskilled is to be found not in limiting free trade and globalization but in increasing society's investment in education to reduce the supply of unskilled workers.

96) Many of the world's poorest countries have suffered from totalitarian governments, economic policies that destroyed wealth rather than facilitated its creation, endemic corruption, scant protection for property rights, and prolonged civil war. Such factors help explain why countries such as Afghanistan, Cuba, Haiti, Iraq, Libya, Nigeria, Sudan, and North Korea have failed to improve the economic lot of their citizens during recent decades. A complicating factor is the rapidly expanding populations in many of these countries. Without a major change in government, population growth may exacerbate their problems.

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97) Managing an international business is challenging in many ways and involves a great deal of complexity. The 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. The managers in an international business also must decide which foreign markets to enter and which to avoid. They must choose the appropriate mode for entering a particular foreign country. These managers must also deal with government restrictions on international trade and investment. They must find ways to work within the limits imposed by specific governmental interventions.

98) 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 are 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.

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