When you have completed your exam and reviewed your answers, click Submit Exam. Answers will not be recorded until you hit Submit Exam. If you need to exit before completing the exam, click Cancel Exam.

Questions 1 to 20: Select the best answer to each question. Note that a question and its answers may be split across a page break, so be sure that you have seen the entire question and all the answers before choosing an answer.

1. One disadvantage of indirect exporting is that
A. the firm gains little experience from transactions.
B. licensing and red tape can delay completion of shipments.
C. large cash outlays are required.
D. it’s difficult to find the right agent for a firm’s product.

2. Broad guidelines used to assist lower-level managers to handle recurring problems are called
A. policies.
B. scenarios.
C. plans.
D. procedures.

3. Licensing has become a more profitable venture for international companies because
A. technology has provided the means to ensure accurate reproduction of products.
B. the federal government pressed foreign governments to enforce patent laws.
C. consumers are wiser and won’t accept cheap copies.
D. the agreements eliminate competition in foreign sales.

4. The behaviors and processes that go along with organizing people to achieve a common purpose are seen in
A. managers.
B. chairmen of the board.
C. leaders.
D. line supervisors.

5. Which of the following is the least costly for a buyer of exported goods?
A. Bank collection time draft
B. Cash in advance
C. Irrevocable letter of credit
D. Open account

6. The Conformité Européenne is a type of
A. certificate of origin.
B. export license.
C. inspection certificate.
D. consular invoice.

7. Independent businesses that handle import shipments for compensation are called
A. bonded warehouse managers.
B. customhouse brokers.
C. commerce chambers.
D. foreign freight forwarders.

8. Which of the following means that goods are shipped to the buyer and payment isn’t made until they’ve been sold?
A. Irrevocable letter of credit
B. Bank collection time draft
C. Cash in advance
D. Consignment

9. The McDonald’s, Kentucky Fried Chicken, or Subway in your area is an example of a
A. licensed product.
B. strategic alliance.
C. joint venture.
D. franchise.

10. The term tactical plans refers to
A. long-term strategies that address best- and worst-case scenarios.
B. detailed, short-term operational plans.
C. broad operational plans on which strategic plans are based.
D. scenarios presented as comprehensive future strategies.

11. The term for what people are doing when they put forth less effort while members of a group is
A. groupthink.
B. individualism.
C. catatonia.
D. social loafing.

12. Incoterms were developed by the International Chamber of Commerce to
A. promote trade missions.
B. facilitate legal price quotes between buyers and sellers.
C. clarify terms of sale.
D. translate international contracts.

13. To effectively develop and implement an effective strategy, objectives should be
14. A partnership between competitors, customers, or suppliers is called a/an
A. merger.
B. growth triangle.
C. strategic alliance.
D. affiliation.

15. Organizational _______ is a process dealing with how a company should be organized for integration, efficiency, and effectiveness.
A. division
B. functions
C. competitiveness
D. design

16. By the end of 2010 Kraft Foods had become America's
A. the second-largest branded-food company headquartered in Brazil.
B. the largest U.S. employer overseas.
C. largest branded-food and beverage company with headquarters in North America.
D. bigger than the Nestle Corporation

17. When new exporters need to quote terms of sale that differ from those used in domestic markets, they must be familiar with
A. Incoterms.
B. the FCIB.
C. Dun & Bradstreet.
D. ETC.

18. _______ places increasing emphasis on recruiting and developing human resources.
A. Marketing
B. Accounting
C. Globalization
D. Localization

19. To increase communication among executives and encourage confidence in each other, an IC's policies may include
A. resolving disputes among subsidiaries through arbitration.
B. joining international business organizations.
C. operating in many diverse foreign regions.
D. transferring promising managers among headquarters and subsidiaries.
20. A ______ is an arrangement under which a company provides managerial know-how in some or all functional areas to another party for a fee.

A. manufacturing contract
B. strategic alliance
C. management contract
D. joint venture
Questions 1 to 20: Select the best answer to each question. Note that a question and its answers may be split across a page break, so be sure that you have seen the entire question and all the answers before choosing an answer.

1. The main drivers of globalization depend on
   A. the foreign environment.
   B. change.
   C. domestic growth.
   D. cultural differences.

2. In 2010, only 23 nations had GNIs greater than
   A. the sum of the combined sales of Ford and General Electric.
   B. the sum of the GNIs of Japan, Germany, and France.
   C. the total sales of Exxon Mobil and Citigroup.
   D. Walmart's total annual sales.

3. The economic cooperation of the EU is most accurately described as a
   A. common market.
   B. customs union.
   C. complete economic integration.
   D. free trade area.

4. The organization established along with the IMF at the Bretton Woods meeting is the
   A. World Bank.
   B. International Monetary Fund.
   C. Bank for International Settlements.
   D. United Nations.

5. Decision making in the international environment is ______ in a purely domestic environment.
   A. less complex than
   B. more complex than
   C. less demanding than
   D. about the same as

6. The increased internationalization of business requires ______ to have a basic knowledge of
international business.
A. managers of multinationals
B. all managers
C. managers of transnationals
D. managers of purely domestic operations

7. ______ can be divided into portfolio and direct investment.
A. Exchange rate investment
B. Domestic investment
C. Foreign investment
D. Production

8. When countries benefit from importing products requiring large amounts of their scarce production factors and export products requiring large amounts of their abundant production factors, they're exemplifying
A. the theory of factor endowment.
B. absolute advantage.
C. the Leontief paradox.
D. comparative advantage.

9. An international business manager who bases decisions solely on his or her own experience or preference is using
A. internalization theory.
B. the self-reference criterion.
C. controllable forces.
D. domestic standards.

10. A/An ______ is all forces influencing the life and development of the firm.
A. group pool
B. foreign exchange
C. environment
D. local population

11. Which of the following is not one of the primary criticisms of globalization?
A. It’s had deleterious effects on labor and labor standards.
B. It’s produced uneven results across nations and peoples.
C. It’s increased the number of children in the work force.
D. It’s contributed to a decline in environmental and health conditions.

12. An evaluation of a country’s economic and political risks made by a bank or potential investor is called a/an
A. country risk assessment.
B. international credit score.
13. The exchange rate for a currency trade for delivery within two days is called the _____ rate.
A. priority
B. spot
C. forward
D. cross

14. Mercantilists believed that nations should
A. allow an export surplus so they can accumulate gold.
B. lower import duties to establish a level playing field.
C. import goods to raise the standard of living.
D. produce goods for which there's a comparative advantage.

15. The idea that market forces, not government controls, should determine direction, volume, and the composition of international trade came from
A. Adam Smith.
B. the Ottoman Empire.
C. Milton Friedman.
D. Salvador Allende.

16. The _____ has had a central role as a main central reserve asset of many countries, as a vehicle currency, and as an intervention currency.
A. U.S. dollar
B. Euro
C. British pound
D. yen

17. The IMF established the _____ as the principal reserve asset in the international monetary system.
A. BOP account
B. gold standard
C. special drawing right
D. capital account

18. An import duty that's a fixed percentage of the invoice value of an imported product is called a/an _____ duty.
A. specific
B. invoice
C. compound
D. ad valorem

19. According to its advocates, one of the advantages of the gold standard is that it provides
A. flexibility.
B. specie.
C. discipline.
D. monetary security.

20. An explanation of how a product begins as a country's export and later becomes an import is the theory of
A. directional trade.

B. international product life cycles.
C. unfair retaliation.
D. supply and demand.

End of exam
Questions 1 to 20: Select the best answer to each question. Note that a question and its answers may be split across a page break, so be sure that you have seen the entire question and all the answers before choosing an answer.

1. After Saudi Arabia, the country with the greatest heavy oil reserves is
   A. Canada.
   B. Iraq.
   C. Iran.
   D. Venezuela.

2. ICs pay ______ when the host-country taxes are higher than home-country taxes.
   A. tax differentials
   B. tax disincentives
   C. housing allowances
   D. bonuses

3. Only the continent of ______ lacks inland waterways.
   A. South America
   B. Australia
   C. Asia
   D. North America

4. Laws designed to prevent price fixing, market sharing, and business monopolies are called
   A. fair trade regulations.
   B. purchasing power parity (PPP).
   C. consensus policies.
   D. antitrust laws.

5. A/An ______ is a large exhibition where companies maintain booths to promote product sales.
   A. interview
   B. cost-benefit analysis
   C. trade fair
   D. field trip

6. When skilled workers migrate in search of professional and economic opportunities, it's called
   A. market forces.
B. brain drain.
C. labor quality.
D. competitive labor.

7. There are several criteria for segmenting markets. Which of the following are two criteria for segmenting?
   A. Unclassified and unfulfilled
   B. Large and definable
   C. Diverse and accessible
   D. Small and elusive

8. A combination of ______ causes the same extremes in temperature and humidity in other countries as is found in Colombia.
   A. heat and moisture
   B. mountains and lowlands
   C. rain and fog
   D. tropical rain forests and plains

9. The organization within the Japanese government deemed the most benign is the
   A. Fair Trade Commission.
   B. Tariff and Taxation Bureau.
   C. Maritime Commission.
   D. Justice Department.

10. Payments made to expatriates to compensate for extra costs of living abroad are called
    A. differentials.
    B. allowances.
    C. bonuses.
    D. premiums.

11. Hong Kong is seen as a more desirable location for foreign firms than Shanghai because
    A. Hong Kong remains a British colony.
    B. Shanghai’s main language is Mandarin, while Hong Kong’s is Cantonese.
    C. Hong Kong has a tradition of law adopted from British colonialism.
    D. the Chinese government has given Hong Kong dispensation to act as a sovereign nation.

12. The International Energy Agency concluded in 2010 that
    A. sustainable energy development was not feasible.
    B. oil reserves would dry up by 2020.
    C. oil demand must immediately drop worldwide by 10 percent.
    D. a worldwide energy revolution based on low-carbon technologies is under way.

13. The two components of material culture are technology and
A. materials.
B. economics.
C. purchasing.
D. aesthetics.

14. Only ______ percent of ICs have repatriation programs.
   A. 49
   B. 10
   C. 5
   D. 60

15. Using a/an ______ staffing policy, selection of the best person for each job is done without considering national origin.
   A. polycentric
   B. ethnocentric
   C. regiocentric
   D. geocentric

16. Matters involved in a contract between businesses in two different countries are resolved through
   A. OECD intervention.
   B. bilateral treaties.
   C. private international law.
   D. public international law.

17. Reverse brain drain, a concern of American businesspeople, is related to the trend toward
   A. outsourcing to developing countries.
   B. a decline in workforce quality.
   C. investing in local industry.
   D. discrimination in host countries.

18. As multinationals take a/an ______ view, we're certain to see greater use of third-country nationals.
   A. particularistic
   B. ethnocentric
   C. fragmentary
   D. geocentric

19. Market screening is derived from
   A. environmental scanning.
   B. local sociocultural forces.
   C. global opportunities and threats.
   D. current market trends.
20. ______ can divide a small market into even smaller ones.
   A. Highways  
   B. Rivers  
   C. Mountains 
   D. Climate 

End of exam