

Strategic Management, 15e, Global Edition (David/David)
Chapter 2 Outside-USA Strategic Planning

1) To see and appreciate the world from the perspective of others has become a matter of survival for business.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

2) As long as the price and quality of a firm's products and services are competitive on a local basis, it has nothing to worry about.

Answer: FALSE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

3) Mass communication and high technology have led to highly individualized and distinct patterns of consumption in diverse cultures worldwide.

Answer: FALSE

Diff: 2

AACSB: Information technology

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

4) In today's global climate, many companies may find it difficult to survive by relying solely on domestic markets.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

5) It is an exaggeration to say that in an industry that is global, the riskiest possible posture is to remain a domestic competitor.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

6) One of the dangers of remaining a local competitor is that more aggressive companies will use their global growth to capture economies of scale and learning.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

7) Organizations that conduct business operations across national borders are called international firms or multinational corporations.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

8) The strategic-management process is conceptually different for multinational firms than for purely domestic firms.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

9) The strategic-management process is more complex for international firms due to more variables and relationships.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

10) The social, cultural, demographic, environmental, political, governmental, legal, technological, and competitive opportunities and threats that face a multinational corporation are almost limitless.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

11) While multinational corporations face almost limitless social, cultural, demographic, environmental, political, governmental, legal, technological, and competitive opportunities and threats, the number and complexity of these factors do not dramatically increase with the number of products produced and the number of geographic areas served.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

12) More time and effort are required to identify and evaluate external trends and events in domestic corporations than in multinational ones.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

13) Geographic distance and cultural differences are two of the factors that can make communication between domestic headquarters and overseas operations difficult.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

14) Trade barriers are one of the unique and diverse risks that face multinational corporations.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

15) With the rise in world commerce, government regulatory bodies are no longer able to closely monitor foreign business practices.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

16) Before entering international markets, firms should do research to try and diminish the risk of doing business in new markets.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

17) It is possible to obtain insurance from the U.S. government 's OPIC to eliminate all risks associated with doing business internationally.

Answer: FALSE

Diff: 3

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

18) Strategists in multinational corporations are often confronted with the need to be globally competitive and nationally responsive at the same time.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

19) Perhaps the greatest advantage of international operations to a firm is the ability to gain new customers for its products and services, thus increasing revenues.

Answer: TRUE

Diff: 2

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

20) Although growth in revenues and profits is a common expectation of shareholders, it is not a measure of organizational success.

Answer: FALSE

Diff: 1

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

21) A potential advantage to initiating, continuing, or expanding international operations is that foreign operations can absorb excess capacity, reduce unit costs, and spread economic risks over a wider number of markets.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

22) Although a firm's power and prestige in domestic markets may be significantly enhanced when the firm competes globally, this rarely translates into improved negotiating power among creditors, suppliers, or distributors.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

23) Firms are often motivated to initiate international operations because competitors in foreign markets may not exist, or competition may be less intense than in domestic markets.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

24) The availability, depth, and reliability of economic and marketing information in different countries vary extensively.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

25) Language, culture, and value systems differ among countries, which can create barriers to communication and problems managing people.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

26) Keeping informed about the number and the nature of competitors is easier when doing business internationally.

Answer: FALSE

Diff: 1

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

27) Weaknesses of competitors in foreign lands are often underestimated, and strengths are often overestimated.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

28) One aspect of the global challenge faced by U.S. business involves the complications of having to deal with two or more monetary systems.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

29) Foreign banks currently operate and compete in most parts of the United States.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

30) American firms that seem insulated from foreign competition today may be vulnerable tomorrow.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

31) Brazil offers skilled labor and technology, while Germany offers abundant natural resources and rapidly developing markets.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

32) Many countries became less protectionist during the recent global economic recession.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss protectionism as it impacts the world economy.

Learning Outcome: Explain how strategies are implemented in international business

33) Protectionism refers to countries imposing tariffs, taxes, and regulations on firms outside the country to favor their own companies and people.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss protectionism as it impacts the world economy.

Learning Outcome: Explain how strategies are implemented in international business

34) Investors are now looking closely at Africa in the wake of low interest rates and slow growth elsewhere on the planet.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.10 Discuss Africa as the newest hotspot for business entry.

Learning Outcome: Explain how strategies are implemented in international business

35) In the three Nordic countries of Denmark, Sweden, and Finland about 70 percent of all employees are in unions.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.01 Discuss the nature and implications of labor union membership across Europe.

Learning Outcome: Explain how strategies are implemented in international business

36) Shifts in the nature and location of production systems, especially to China and India, are reducing the response time to changing market conditions.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

37) The drive to improve the efficiency of global business operations is leading to lesser functional specialization.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

38) Though China has more than 1.3 billion residents, the middle class segment that is able to buy goods and services is rapidly shrinking.

Answer: FALSE

Diff: 3

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

39) Labor markets have become steadily more international with more and more countries around the world welcoming foreign investment and capital.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

40) A primary reason why most domestic firms are engaging in global operations is that growth in demand for goods and services outside the USA is considerably higher than inside.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

41) Foreign revenue as a percentage of total company revenues is approaching 20 percent for Colgate-Palmolive.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

42) Joint ventures and partnerships between domestic and foreign firms are becoming the exception rather than the rule.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

43) Exactly 70 percent of the world's population lives outside of the USA.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

44) The U.S. furniture manufacturing industry is not yet greatly challenged by foreign competitors.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

45) While there are a few U.S. industries that are not yet greatly challenged by foreign competitors, many products and components within these industries too are now manufactured in foreign countries.

Answer: TRUE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

46) The need to amortize massive R&D investments over many markets is a major reason why the aircraft manufacturing industry became global.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

47) A global strategy means considering individual countries distinctly, one at a time, when designing, producing, and marketing products.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

48) Since the 1980s, most countries including the USA have been steadily lowering their tax rates.

Answer: FALSE

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.02 Discuss income tax rates and practices across countries.

Learning Outcome: Explain how strategies are implemented in international business

49) In China, business relations revolve around guanxi, or personal relations.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

50) The understanding of Asian cultures is a strength U.S. firms have in competing with Pacific Rim firms.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

51) In China, one should eat heartily to demonstrate enjoyment of the food.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

52) The smile is one form of communication that works the same worldwide.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

53) Time spent with the family and the quality of relationships are more important in some cultures than the personal achievement and accomplishments espoused by the traditional U.S. manager.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

54) Punctuality is generally revered in all cultures of the world.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

55) In the United States, an amicable relationship is often mandatory before conducting business.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

56) In socialist countries such as France or Belgium, the only grounds for immediate dismissal from work is a criminal offense.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

57) Europeans are especially motivated by pay-for-performance, commission salaries, and objective measurement and reward systems.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

58) Mexican workers expect and desire a work environment in which self-expression and initiative are encouraged.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

59) In Mexico, business associates usually entertain each other at their homes.

Answer: FALSE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

60) An important business activity in Japan is entertaining because it strengthens Wa.

Answer: TRUE

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

61) The average level of union membership across the whole of the European Union, weighted by the numbers employed in the different member states, is _____ percent compared to about _____ percent in the USA.

- A) 11; 23
- B) 15; 44
- C) 23; 11
- D) 51; 26
- E) 70; 30

Answer: C

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.01 Discuss the nature and implications of labor union membership across Europe.

Learning Outcome: Explain how strategies are implemented in international business

62) Mass communication and high technology have _____ in diverse cultures worldwide.

- A) created similar patterns of consumption
- B) resulted in highly individualized patterns of consumption
- C) rendered patterns of consumption identical
- D) had little to no effect on patterns of consumption
- E) ignored patterns of consumption

Answer: A

Diff: 2

AACSB: Information technology

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

63) In an industry that is, or is rapidly becoming global, the riskiest possible posture is to

- A) become a global competitor.
- B) remain a domestic competitor.
- C) remain a global competitor.
- D) expand beyond the role of domestic competitor.
- E) none of the above

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

64) Organizations that conduct business operations across national borders are called

- A) protectionists.
- B) national firms.
- C) multinational corporations.
- D) domestic companies.
- E) all of the above.

Answer: C

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

65) The strategic-management process for multinational firms is _____ for purely domestic firms, and the process is _____ for international firms.

- A) conceptually the same as; more simple
- B) conceptually the same as; more complex
- C) conceptually different than; more simple
- D) conceptually different than; more complex
- E) conceptually the same; less important

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

66) The _____ opportunities and threats that face a multinational corporation are almost limitless.

- A) social
- B) cultural
- C) environmental
- D) political
- E) all of the above

Answer: E

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

67) The various opportunities and threats that face multinational corporations are almost limitless, and the number and complexity of these factors _____ the number of products and the number of geographic areas served.

- A) decrease dramatically with
- B) drastically increase with
- C) drop slightly with
- D) are constant despite
- E) are unaffected by

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

68) Multinational corporations face unique and diverse risks, which include all of the following EXCEPT

- A) favorable foreign court interpretations of contracts and agreements.
- B) currency losses through exchange rate fluctuations.
- C) social/political disturbances.
- D) import/export restrictions.
- E) tariffs.

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

69) Communication between domestic headquarters and overseas operations is often made difficult by

- A) geographic distance.
- B) cultural differences.
- C) variations in business practices.
- D) national differences.
- E) all of the above

Answer: E

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

70) The U.S. government's OPIC

- A) offers insurance to offset some risks of doing business internationally.
- B) provides insurance to eliminate all of the risks of doing business internationally.
- C) gives informational seminars about the risks associated with doing business internationally.
- D) requires that paperwork be filed by U.S. companies desiring to do business internationally.
- E) discourages foreign companies from doing business in the United States.

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

71) All of the following are potential advantages to initiating, continuing, and/or expanding international operations EXCEPT

- A) firms can gain new customers for their products.
- B) foreign operations can absorb excess capacity, reduce unit costs, and spread economic risks over a wider number of markets.
- C) foreign operations can allow firms to establish low-cost production facilities in locations close to raw materials and/or cheap labor.
- D) foreign operations could be seized by nationalistic factions.
- E) foreign operations may result in reduced tariffs, lower taxes, and favorable political treatment.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

72) Which of the following is a potential advantage of conducting international operations?

- A) Competitors in foreign markets may not exist, or competition may be less intense than in domestic markets.
- B) Dealing with two or more monetary systems can complicate international business operations.
- C) Differing language, culture, and value systems can make communication difficult.
- D) Gaining an understanding of regional organizations is difficult but is often required in doing business internationally.
- E) All of the above

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

73) _____ can enable firms to learn the technology, culture, and business practices of other people and to make contacts with potential customers, suppliers, creditors, and distributors in foreign countries.

- A) Economies of scale
- B) Joint ventures
- C) Low-cost production facilities
- D) Reduced tariffs
- E) Domestic operations

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

74) A firm's power and prestige in domestic markets may be significantly enhanced if the firm competes globally

- A) which can translate into improved negotiating power among important groups.
- B) though this rarely results in a practical advantage.
- C) but this can hurt its bargaining power with suppliers and distributors.
- D) yet this does nothing to improve its position with creditors.
- E) which can alienate the firm from its domestic creditors, suppliers, and distributors.

Answer: A

Diff: 3

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

75) All of the following are potential disadvantages to initiating, continuing, or expanding business across national borders EXCEPT

- A) firms confront different social, cultural, and political forces when doing business internationally, which can make communication in the firm difficult.
- B) keeping informed about the number and nature of competitors is more difficult when doing business internationally.
- C) foreign operations can absorb excess capacity, reduce unit costs, and spread economic risks over a wider number of markets.
- D) dealing with two or more monetary systems can complicate international business operations.
- E) foreign operations could be seized by nationalistic forces.

Answer: C

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

76) Strengths of competitors in foreign lands are often _____, and weaknesses are often _____.

- A) overestimated; overestimated
- B) overestimated; underestimated
- C) underestimated; underestimated
- D) underestimated; overestimated
- E) none of the above

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

77) In 2012, _____ African countries held democratic elections.

- A) 3
- B) 13
- C) 23
- D) 31
- E) 43

Answer: C

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.10 Discuss Africa as the newest hotspot for business entry.

Learning Outcome: Explain how strategies are implemented in international business

78) Which of the following statements is NOT true?

- A) America's economy is becoming much less American.
- B) A world economy and monetary system are emerging.
- C) Corporations in every corner of the globe are taking advantage of the opportunity to obtain customers globally.
- D) Markets are shifting slowly and in many cases diverging in tastes, trends, and prices.
- E) Innovative transport systems are accelerating the transfer of technology.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

79) _____ countries are market leaders in labor-intensive industries and _____ offers abundant natural resources and rapidly developing markets.

- A) East Asian; Brazil
- B) South American; Germany
- C) East Asian; Germany
- D) South American; Brazil
- E) European; Japan

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

80) Most economists argue that protectionism _____ the world economy because it _____ trade among countries.

- A) helps; inhibits
- B) helps; encourages
- C) harms; inhibits
- D) harms; encourages
- E) doesn't impact; doesn't affect

Answer: C

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss protectionism as it impacts the world economy.

Learning Outcome: Explain how strategies are implemented in international business

81) Protectionism involves countries doing all of the following EXCEPT

- A) levying tariffs against firms outside the country.
- B) imposing taxes on firms outside the country.
- C) imposing regulations on firms outside the country.
- D) restricting imports from firms outside the country.
- E) liberalizing restrictions on the import of foreign goods.

Answer: E

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss protectionism as it impacts the world economy.

Learning Outcome: Explain how strategies are implemented in international business

82) What percent of the world's population lives outside the United States?

- A) 55
- B) 65
- C) 75
- D) 85
- E) 95

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

83) In which of the following industries is the USA NOT yet greatly challenged by foreign competitors?

- A) Auto industry
- B) Electronics
- C) Manufacturing
- D) Retailing
- E) None of the above

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

84) The world population that lives outside of the USA is growing _____ the U.S. population.

- A) 30 percent slower than
- B) 70 percent slower than
- C) 30 percent faster than
- D) 70 percent faster than
- E) at the same rate as

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

85) _____ recently cut its corporate tax rate by five percentage points, leaving _____ with the highest corporate tax rate among all the nations in the world.

- A) The USA; Brazil
- B) Brazil; Japan
- C) Japan; Brazil
- D) Brazil; the USA
- E) Japan; the USA

Answer: E

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.02 Discuss income tax rates and practices across countries.

Learning Outcome: Explain how strategies are implemented in international business

86) High corporate tax rates

- A) encourage investment in new factories.
- B) provide strong incentives to avoid and evade taxes.
- C) attract foreign investors.
- D) make a nation a desirable location for investment.
- E) have been a growing trend since the 1980s.

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.02 Discuss income tax rates and practices across countries.

Learning Outcome: Explain how strategies are implemented in international business

87) Foreign revenue as a percentage of total company revenues _____ in hundreds of U.S. firms, including ExxonMobil, Gillette, and Citicorp.

- A) is almost 10 percent
- B) approaches 20 percent
- C) is 25 percent
- D) exceeds 50 percent
- E) is at least 70 percent

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

88) The domestic food industry _____, so Kraft Foods is focusing on foreign acquisitions.

- A) is falling 5% per year
- B) is falling 1% per year
- C) is stagnant
- D) is growing 3% per year
- E) is growing 7% per year

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

89) Joint ventures and partnerships between domestic and foreign firms are

- A) falling out of favor.
- B) increasingly difficult to engineer.
- C) the exception rather than the rule.
- D) extremely commonplace.
- E) subject to too many regulations to be feasible.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

90) What percent of the world's population lives in the United States?

- A) 5
- B) 10
- C) 15
- D) 85
- E) 95

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.06 Discuss the global challenge facing U.S. firms.

Learning Outcome: Explain how strategies are implemented in international business

91) Which of the following U.S. industries is NOT yet greatly challenged by foreign competitors?

- A) Aircraft manufacturing
- B) Auto manufacturing
- C) Heavy equipment manufacturing
- D) Tire manufacturing
- E) Furniture manufacturing

Answer: E

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

92) Which U.S. industry is already greatly challenged by foreign competitors?

- A) Printing
- B) Retailing
- C) Retail banking
- D) Consumer packaged goods
- E) None of the above

Answer: E

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

93) The lowest cost source for precision machinery is

- A) Japan.
- B) Sri Lanka.
- C) Malaysia.
- D) Europe.
- E) Mexico.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

94) _____ is a process of doing business worldwide, so strategic decisions are made based on global profitability of the firm rather than just domestic considerations.

- A) Multinational corporation
- B) Protectionism
- C) Globalization
- D) Assimilation
- E) World recession

Answer: C

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

95) In South Korea, activities involve concern for _____, or harmony based on respect of hierarchical relationships, including obedience to authority.

- A) guanxi
- B) inhwa
- C) feng shui
- D) nemaswashio
- E) Wa

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

96) In Europe it is generally true that the farther _____ on the continent, the more participatory the management style.

- A) south
- B) east
- C) west
- D) north
- E) southeast

Answer: D

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

- 97) Which of the following is NOT true regarding European workers and workplaces?
- A) Most European workers are unionized.
 - B) Most European workers enjoy more frequent vacations and holidays than U.S. workers.
 - C) Guaranteed permanent employment is typically a part of employment contracts in Europe.
 - D) Many Europeans respond enthusiastically to pay-for-performance, commission salaries, and objective measurement reward systems.
 - E) Many Europeans find the notion of team spirit difficult to grasp.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

- 98) In general, U.S. managers feel the day has been productive if it is spent

- A) rushing to meetings and conferences.
- B) resting.
- C) listening.
- D) meditating.
- E) thinking.

Answer: A

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

- 99) Marketing managers in Japan see making a sale _____ the selling process.

- A) as the beginning of
- B) as the end of
- C) as the midpoint of
- D) as unrelated to
- E) None of the above

Answer: A

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

100) Americans place an exceptionally high priority on _____ whereas many foreigners place more worth on _____.

- A) time; relationships
- B) relationships; time
- C) silence; time
- D) silence; relationships
- E) formality; informality

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

101) All of the following are things that many cultures around the world value more than the competitiveness that is so important in the USA EXCEPT

- A) modesty.
- B) team spirit.
- C) individualism.
- D) collectivity.
- E) patience.

Answer: C

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.09 Discuss communication differences across countries.

Learning Outcome: Explain how strategies are implemented in international business

102) U.S. managers in Japan have to be careful about _____, whereby Japanese workers expect supervisors to alert them privately of changes rather than informing them in a meeting.

- A) feng shui
- B) nemaswashio
- C) Wa
- D) guanxi
- E) inhwa

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

103) Desire for _____ is a part of the social fabric in worker-manager relations in Mexico.

- A) harmony
- B) friction
- C) conflict
- D) independence
- E) punctuality

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

104) Whereas _____ businesses embody individualism, achievement, competition, and informality, _____ businesses stress collectivism, continuity, cooperation, and formality.

- A) Japanese; Mexican
- B) Mexican; Japanese
- C) Mexican; American
- D) American; Mexican
- E) Japanese; American

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

105) How does life in Mexico compare to life in the United States?

- A) It is faster.
- B) It is more hectic.
- C) It is more punctuality-driven.
- D) It is slower.
- E) It is more competitive.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

106) Which of the following is NOT a typical characteristic of most Japanese managers?

- A) Reserved
- B) Quiet
- C) Distant
- D) Impulsive
- E) Introspective

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

107) Which of the following is NOT true concerning the Japanese concept of Wa?

- A) Nearly all corporate activities in Japan encourage Wa among managers and employees.
- B) Discussions potentially disruptive to Wa are generally conducted in very formal settings.
- C) The potential attractiveness of alternative business decisions are evaluated in terms of their long-term effect on the group's Wa.
- D) Entertaining is an important business activity in Japan because it strengthens Wa.
- E) The Wa concept involves group loyalty and consensus.

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

108) Which group generally softens up executives with praise before they criticize?

- A) Americans
- B) Italians
- C) Germans
- D) French
- E) All of the above

Answer: A

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

109) Which of the following nations has the highest corporate tax rate?

- A) Ireland
- B) The USA
- C) Great Britain
- D) France
- E) Germany

Answer: B

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.02 Discuss income tax rates and practices across countries.

Learning Outcome: Explain how strategies are implemented in international business

110) To avoid paying U.S. taxes on income made in other countries, many U.S. companies are _____ outside the USA but _____ inside the USA.

- A) cash-poor; cash-rich
- B) cash-rich; cash-poor
- C) unincorporated; incorporated
- D) cash-poor; incorporated
- E) unincorporated; cash-rich

Answer: B

Diff: 1

AACSB: Diverse and multicultural work environments

Objective: 2.02 Discuss income tax rates and practices across countries.

Learning Outcome: Explain how strategies are implemented in international business

111) Discuss some things firms can do to diminish the risk of doing business internationally.

Answer: Before entering international markets, firms should scan relevant journals and patent reports, seek the advice of academic and research organizations, participate in international trade fairs, form partnerships, and conduct extensive research to broaden their contacts and diminish the risk of doing business in new markets. Firms can also offset some risks of doing business internationally by obtaining insurance from the U.S. government's Overseas Private Investment Corporation.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

112) List some of the diverse and unique risks that face multinational corporations (MNCs).

Answer: MNCs face unique and diverse risks, such as expropriation of assets, currency losses through exchange rate fluctuations, unfavorable foreign court interpretations of contracts and agreements, social/political disturbances, import/export restrictions, tariffs, and trade barriers. Strategists in MNCs are often confronted with the need to be globally competitive and nationally responsive at the same time. With the rise in world commerce, government and regulatory bodies are more closely monitoring foreign business practices. The U.S. Foreign Corrupt Practices Act, for example, monitors business practices in many areas.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

113) Discuss at least five potential advantages to initiating, continuing, and/or expanding international operations.

Answer: They include: 1) Firms can gain new customers for their products. 2) Foreign operations can absorb excess capacity, reduce unit costs, and spread economic risks over a wider number of markets. 3) Foreign operations can allow firms to establish low-cost production facilities in locations close to raw materials and/or cheap labor. 4) Competitors in foreign markets may not exist, or competition may be less intense than in domestic markets. 5) Foreign operations may result in reduced tariffs, lower taxes, and favorable political treatment. 6) Joint ventures can enable firms to learn the technology, culture, and business practices of other people and to make contacts with potential customers, suppliers, creditors, and distributors in foreign countries. 7) Economies of scale can be achieved from operation in global rather than solely domestic markets. Larger-scale production and better efficiencies allow higher sales volumes and lower-price offerings. 8) A firm's power and prestige in domestic markets may be significantly enhanced if the firm competes globally, which can translate into improved negotiating power among creditors, distributors, suppliers, etc.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

114) Discuss at least five potential disadvantages to initiating, continuing, and/or expanding international operations.

Answer: They include: 1) Foreign operations could be seized by nationalistic factions. 2) Firms confront different and often little-understood social, cultural, demographic, environmental, political, governmental, legal, technological, economic, and competitive forces when doing business internationally. This can make communication in the firm difficult. 3) Weaknesses of competitors in foreign lands are often overestimated, and strengths are often underestimated. Keeping informed about the number and nature of competitors is more difficult when doing business internationally. 4) Language, culture, and value systems differ among countries, which can create barriers to communication and problems managing people. 5) Gaining an understanding of regional organizations is difficult but is often required in doing business internationally. 6) Dealing with two or more monetary systems can complicate international business operations.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.03 Explain the advantages and disadvantages of entering global markets.

Learning Outcome: Explain how strategies are implemented in international business

115) Discuss union membership across Europe.

Answer: Union membership in Europe ranges from 74 percent of employees in Finland to 8 percent in France. Percentage of membership is not the only indicator of strength, though. In France, for example, unions have repeatedly shown that despite low membership, they are able to mobilize workers in mass strikes and demonstrations to great effect. The average level of union membership in the EU, weighted by the numbers employed in the different member states, is 23 percent compared to about 11 percent in the USA. High rates of union membership in Nordic countries reflect an approach that sees union membership as a natural part of employment. The level of union membership is trending downward all over Europe. Only 8 of the 27 EU states plus Norway have seen a gain in union members among the employed in recent years, and this growth has not kept pace with the growth in employment, so union density has actually drifted downward. The two exceptions are Ireland and Italy, where union membership is slowly growing.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.01 Discuss the nature and implications of labor union membership across Europe.

Learning Outcome: Explain how strategies are implemented in international business

116) Explain the concept of protectionism.

Answer: Protectionism refers to countries imposing tariffs, taxes, and regulations on firms outside the country to favor their own companies and people. Many countries became more protectionist during the recent global economic recession. Most economists argue that protectionism harms the world economy because it inhibits trade among countries and invites retaliation.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss protectionism as it impacts the world economy.

Learning Outcome: Explain how strategies are implemented in international business

117) Explain some of the forces leading companies to pursue international operations.

Answer: A primary reason why most domestic firms are engaging in global operations is that growth in demand for goods and services outside the USA is considerably higher than inside. Shareholders and investors expect sustained growth in revenues from firms; satisfactory growth for many firms can only be achieved by capitalizing on demand outside the USA. Fully 95 percent of the world's population lives outside the USA, and this group is growing 70 percent faster than the U.S. population. The lineup of competitors in virtually all industries is global. And while there are a few U.S. industries that are not yet greatly challenged by foreign competitors, like furniture manufacturing and retailing, many products and components within these industries too are now manufactured in foreign countries.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.05 Explain when and why a firm (or industry) may need to become more or less global in nature to compete.

Learning Outcome: Explain how strategies are implemented in international business

118) Describe some key features of the European work environment.

Answer: Most European workers are unionized and enjoy more frequent vacations and holidays than U.S. workers. A 90-minute lunch break plus 20-minute morning and afternoon breaks are common in European firms. Guaranteed permanent employment is typically a part of employment contracts in Europe. In socialist countries like France and the U.K., the only grounds for immediate dismissal from work is a criminal offense. Many Europeans resent pay-for-performance, commission salaries, and objective measurement and reward systems. Many Europeans also find the notion of team spirit difficult to grasp because the unionized environment has dichotomized worker-management relations throughout Europe.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.08 Describe how management style varies globally.

Learning Outcome: Explain how strategies are implemented in international business

119) Compare and contrast business culture in the USA with Mexico.

Answer: Mexicans desire harmony rather than conflict; there is a much lower tolerance for adversarial relations or frictions at work in Mexico as compared to the United States. Whereas U.S. business embodies individualism, achievement, competition, curiosity, pragmatism, informality, spontaneity, and doing more than expected on the job, Mexican businesses stress collectivism, continuity, cooperation, belongingness, formality, and doing exactly what you're told. Mexicans do not feel compelled to follow rules that are not associated with a particular person in authority they work for and know well. Thus signs to wear earplugs or safety glasses, or attendance or seniority policies, and even one-way street signs are often ignored. Whereas Americans follow the rules, Mexicans often do not. Life is slower in Mexico than the United States. Tardiness is common everywhere. Meeting times and appointments are not rigid.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.07 Compare and contrast business culture in the United States with many other countries.

Learning Outcome: Explain how strategies are implemented in international business

120) Discuss the economic outlook for Africa.

Answer: Investors are now looking closely at Africa in the wake of low interest rates and slow growth elsewhere on the planet. Many African companies are expanding operations in Africa. For example, South Africa's Shoprite Group in 2013 added 223 stores in 16 African countries other than South Africa. Reasons companies are opening outlets in Africa is the rapidly growing middle class and an average GDP growth of 5 percent for the continent through 2017 according to the IMF. Also the World Bank says that food demand across Africa will double between 2012 and 2020. Approximately 40 percent of Africans now live in urban areas and the number of households with discretionary income should increase 50 percent by the end of the decade. Graham Allan, CEO of Yum Restaurants International, recently said, "A lot of companies, especially Chinese ones, have invested in Africa; we share the general view that Africa over the next 10 to 20 years will have massive potential." McKinsey & Co. says the number of consumers who can spend beyond bare necessities is greater now in Africa than India. From 2000 to 2009, foreign direct investment in Africa increased 600 percent to \$58.56 billion.

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.10 Discuss Africa as the newest hotspot for business entry.

Learning Outcome: Explain how strategies are implemented in international business