Student name:\_\_\_\_\_\_\_\_\_\_

**1)** Discuss the three environments in which an international company operates.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual

**2)** Identify and give an example of each of the five major kinds of drivers that are leading international firms to the globalization of their operations.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t
Gradable : manual

**3)** Discuss the arguments supporting and opposing globalization of trade and investment. Do you think globalization is, overall, a positive development or a negative one for the world? Explain.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.
Gradable : manual

**4)** The operations of a company outside its home or domestic market are known as \_\_\_\_\_\_\_\_ business.

4) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**5)** A(n) \_\_\_\_\_\_\_\_ company is a company with operations in multiple nations.

5) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**6)** The term \_\_\_\_\_\_\_\_ refers to all the forces influencing the life and development of the firm.

6) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**7)** The internal forces over which management does have some control, such as the factors of production and the activities of the organization, are called the \_\_\_\_\_\_\_\_ forces.

7) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**8)** A company uses a foreign agent to warehouse and deliver its goods in a foreign country. This illustrates the \_\_\_\_\_\_\_\_ external force.

8) \_\_\_\_\_\_

 **Question Details**Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
AACSB : Knowledge Application

**9)** When a home country does business in a foreign country, it must obey all the laws of the host country. This represents the \_\_\_\_\_\_\_ external force.

9) \_\_\_\_\_\_

 **Question Details**Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
AACSB : Knowledge Application

**10)** A jewelry company opened offices in Botswana to be closer to the diamond mines that supplied their business. This illustrates the effect of the \_\_\_\_\_\_\_\_ external force in international business.

10) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**11)** The \_\_\_\_\_\_\_\_ environment is all the uncontrollable forces originating in the home country that surround and influence the life and development of the firm.

11) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**12)** The \_\_\_\_\_\_\_\_ environment refers to all the uncontrollable forces originating outside the home country that surround and influence the firm.

12) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**13)** When an affiliate in one country does business with customers in another, it is operating in the \_\_\_\_\_\_\_\_ environment.

13) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**14)** A company controlled by another company that is located in a foreign land, and this control may be exercised by a variety of means, both those involving stock ownership and those involving nonownership mechanisms, is a(n) \_\_\_\_\_\_\_\_.

14) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**15)** If Xiaomi's China operations export smartphones to another country such as India, then the sales manager is affected by forces of both the domestic environment of China and the foreign environment of India and therefore is working in the \_\_\_\_\_\_\_\_ environment.

15) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**16)** Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment is known as the \_\_\_\_\_\_\_\_ criterion.

16) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**17)** A \_\_\_\_\_\_\_\_ enterprise is made up of entities in more than one nation, operating under a decision-making system that allows a common strategy and coherent policies.

17) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**18)** \_\_\_\_\_\_\_\_ refers to the purchase of equipment, structures, and organizations in a foreign country at a level sufficient to obtain significant management control.

18) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**19)** \_\_\_\_\_\_\_\_ is the transportation of any domestic good or service to a destination outside a country or region.

19) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**20)** \_\_\_\_\_\_\_\_ is the transportation of any good or service into a country or region, from a foreign origination point.

20) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**21)** Although merchandise exports have grown faster than world output in nearly every year since 1960, the level of \_\_\_\_\_\_\_\_ exports worldwide has grown even more rapidly during this time.

21) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : Drivers of Globalization

**22)** According to the text, preferential trading agreements are examples of \_\_\_\_\_\_\_\_ drivers of globalization.

22) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**23)** Advances in global communications networks are examples of \_\_\_\_\_\_\_\_ drivers contributing to the globalization of business operations.

23) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**24)** A \_\_\_\_\_\_\_\_ driving force for globalization is the fact that companies are defending their home markets from competitors by entering the competitors' home markets to distract them.

24) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**25)** The tendency toward an international integration of goods, technology, information, labor, and capital, or the process of making this integration happen, is referred to as \_\_\_\_\_\_\_\_.

25) \_\_\_\_\_\_

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**26)** A bicycle designer and manufacturer is headquartered in Illinois. It does business in the United States and exports to Europe and South America. This company is an example of a(n)

26) \_\_\_\_\_\_

 A) domestic corporation.
 B) foreign subsidy.
 C) global partnership.
 D) international company.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply

**27)** Jetson Manufacturing has manufacturing operations in the United States, Germany, Indonesia, and Brazil. Jetson Manufacturing is an example of a(n)

27) \_\_\_\_\_\_

 A) state-owned corporation.
 B) distribution center.
 C) international affiliate.
 D) international company.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply

**28)** Foreign business denotes

28) \_\_\_\_\_\_

 A) a business with operations in multiple nations.
 B) business conducted within a foreign country.
 C) an organization with multicountry affiliates.
 D) an organization that attempts to standardize operations worldwide.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**29)** The construction industry has joined the ranks of other industries and now carries out business across national borders. In other words, the construction industry has become a(n)

29) \_\_\_\_\_\_

 A) foreign-owned company.
 B) domestic affiliate.
 C) international affiliate.
 D) international business.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**30)** International business differs from domestic business in that a firm operating across borders must deal with the forces associated with which three kinds of environments?

30) \_\_\_\_\_\_

 A) geographic, political, economic
 B) foreign, domestic, international
 C) initial, secondary, primary
 D) multicultural, ethnocentric, stereotypical

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**31)** *Environment* involves the forces surrounding and influencing the life and development of the firm and is classified as

31) \_\_\_\_\_\_

 A) primary and secondary.
 B) controllable and uncontrollable.
 C) domestic and foreign.
 D) representative and democratic.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**32)** Woodbine Millworks is frustrated with the lobbyists who are currently trying to influence Congress to raise taxes for all corporations in the wood products industry. In the environment of Woodbine Millworks, these lobbyists are an example of

32) \_\_\_\_\_\_

 A) a foreign environment.
 B) controllable forces.
 C) a domestic environment.
 D) uncontrollable forces.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply

**33)** What is an example of an internal force that can affect a company’s environment?

33) \_\_\_\_\_\_

 A) economic downturn
 B) availability of natural resources
 C) international competitors
 D) human resources

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**34)** What is an example of an external force that can affect a company’s environment?

34) \_\_\_\_\_\_

 A) The marketing department decides that online advertising will work best for a new product introduction.
 B) A manufacturing plant purchases new equipment to automate a process.
 C) The newly-elected governor decides to raise property taxes.
 D) A human resource professional meets with staff to discuss hiring temporary help.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**35)** Goodness Industries is located near an urban area, which provides it with a large pool of potential employees. Recruiting employees is an example of a(n) \_\_\_\_\_\_\_\_ because it is controllable.

35) \_\_\_\_\_\_

 A) sociocultural commodity
 B) labor standard
 C) external force
 D) internal force

 **Question Details**Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
AACSB : Knowledge Application

**36)** What is an example of an external force that represents financial factors affecting a business?

36) \_\_\_\_\_\_

 A) employee salaries
 B) geographic location
 C) interest rates
 D) domestic laws

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**37)** Bernardo’s Audio Inc. is struggling in the industry because average salaries are too high in its urban location. What external force is impacting the company’s ability to hire?

37) \_\_\_\_\_\_

 A) labor force
 B) legal limitations
 C) physical distribution
 D) marketing savvy

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply

**38)** When gross national income drops significantly, it affects a company’s environment. Which type of external force does this represent?

38) \_\_\_\_\_\_

 A) technological
 B) legal
 C) physical
 D) economic

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**39)** The domestic environment is composed of all the uncontrollable forces originating in the \_\_\_\_\_\_\_\_ that surround and influence the life and development of the firm.

39) \_\_\_\_\_\_

 A) international arena
 B) host nation
 C) home country
 D) foreign country

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**40)** Which environment refers to the uncontrollable forces originating outside the home country?

40) \_\_\_\_\_\_

 A) domestic
 B) foreign
 C) international
 D) national

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**41)** The forces in the foreign environment differ from the domestic environment in that they originate

41) \_\_\_\_\_\_

 A) concurrently in the home and host country.
 B) in the firm’s home country.
 C) in only the host country.
 D) outside the firm’s home country.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**42)** The kinds of forces in the foreign environment are \_\_\_\_\_\_\_\_ those in the domestic environment except that they occur in foreign nations.

42) \_\_\_\_\_\_

 A) different from
 B) the same as
 C) less demanding than
 D) more stringent than

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**43)** The international environment consists of which group of interactions?

43) \_\_\_\_\_\_

 A) The domestic environmental forces and global environmental forces.
 B) The foreign uncontrollable forces and the domestic uncontrollable forces.
 C) The domestic environmental forces and the foreign environmental forces, as well as the foreign environmental forces of two countries when an affiliate in one country does business in another country.
 D) The domestic environmental forces and the foreign environmental forces, as well as the foreign environmental forces of all other countries.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Difficulty : 1 Easy
Gradable : automatic
Bloom's : Understand

**44)** Kai was recently assigned to a management role in his company’s overseas operation. He has been surprised several times when his employees responded negatively because they said he didn’t take their culture into consideration when he made decisions. Kai is demonstrating a

44) \_\_\_\_\_\_

 A) self-reference criterion.
 B) production orientation.
 C) self-fulfilling prophecy.
 D) marketing orientation.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply

**45)** Unconscious reference to one's own\_\_\_\_\_\_\_\_ when judging behavioral actions of others in a new and different environment is called the self-reference criterion.

45) \_\_\_\_\_\_

 A) work experience
 B) personality traits
 C) cultural values
 D) physical characteristics

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**46)** An international manager has three choices when deciding how to employ a technique used in domestic operations to an international operation: transfer it intact, not use it, or

46) \_\_\_\_\_\_

 A) provide it to the competition.
 B) standardize it.
 C) produce it in mass quantities.
 D) adapt it to local conditions.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**47)** International business as a business practice is considered

47) \_\_\_\_\_\_

 A) relatively new.
 B) to have existed before the Roman Empire.
 C) to have begun in China in the 18th century.
 D) a result of the rise of the Ottoman Empire.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**48)** International business really began

48) \_\_\_\_\_\_

 A) with the East India Company chartered in 1600.
 B) when Singer Sewing Machine put up a factory in Scotland in 1868.
 C) when Phoenician and Greek merchants sent representatives abroad to sell goods.
 D) when Colt Firearms set up a plant in England.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**49)** What company was the first to issue stock and is often identified as the world’s first multinational corporation?

49) \_\_\_\_\_\_

 A) Dutch East India Company
 B) Ford Motor Company
 C) Ottoman Empire
 D) Singer Sewing Machine

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**50)** The rise of the Ottoman Empire before 1300 influenced trade as it

50) \_\_\_\_\_\_

 A) eliminated trade between Europe and Asia.
 B) reduced the cost of Asian trade for Europeans.
 C) reduced the cost of European trade for Asians.
 D) promoted a search for sea routes from Europe to Asia.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**51)** The 17th and 18th centuries have frequently been termed the *“Age of Mercantilism”* because

51) \_\_\_\_\_\_

 A) the merchant class was created during this time.
 B) the Americas were discovered.
 C) individual states were able to support themselves as more merchants were established.
 D) national power depended on the sponsorship and control of merchant capital.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**52)** Estimates show there are \_\_\_\_\_\_\_\_ multinational corporations with hundreds of thousands of foreign affiliates.

52) \_\_\_\_\_\_

 A) about 5,000
 B) fewer than 12,000
 C) more than 100,000
 D) nearly one million

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**53)** Due to the expanding importance of foreign-owned firms in local economies, host governments have made their policies toward these companies

53) \_\_\_\_\_\_

 A) more strict.
 B) more liberal.
 C) extremely conservative.
 D) inflexible.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**54)** When nations and corporations were ranked by GNI and total sales, respectively, for 2020, how many had GNI greater than the total annual sales of Walmart Stores?

54) \_\_\_\_\_\_

 A) 103
 B) 25
 C) 23
 D) 59

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**55)** Foreign affiliates must obey the local laws. If they don't, they could be subject to

55) \_\_\_\_\_\_

 A) legal action by the United Nations.
 B) legal action by the home country.
 C) seizure by the host government.
 D) reciprocal behavior by competitor companies.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**56)** Gentille Manufacturing, based in California, recently purchased a new manufacturing facility and production equipment in Germany that it will use to produce component parts. This purchase is an example of

56) \_\_\_\_\_\_

 A) intrastate commerce.
 B) economies of scale.
 C) importing and exporting.
 D) foreign direct investment.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**57)** The total level of outward FDI worldwide increased about \_\_\_\_\_\_\_\_ between 2000 and 2020.

57) \_\_\_\_\_\_

 A) twofold
 B) fivefold
 C) ninefold
 D) fourteenfold

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**58)** \_\_\_\_\_\_\_\_ refers to the transportation of any domestic good or service to a destination outside a country or region.

58) \_\_\_\_\_\_

 A) Importing
 B) Foreign direct investment
 C) Exporting
 D) International business

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Bloom's : Understand
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**59)** \_\_\_\_\_\_\_\_ refers to the transportation of any domestic good or service to a destination inside a country or region, from a foreign origination point.

59) \_\_\_\_\_\_

 A) Importing
 B) Investing
 C) Exporting
 D) Divesting

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 1 Easy
Gradable : automatic
Bloom's : Understand
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**60)** Compared to 1980, service exports in 2017 can best be described as

60) \_\_\_\_\_\_

 A) decreasing due to more international corporations.
 B) struggling to flourish based on government restrictions.
 C) lower than they were in 1980.
 D) more than 15 times larger.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**61)** What is one of the five major drivers of globalization?

61) \_\_\_\_\_\_

 A) political
 B) social
 C) cultural
 D) economic

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**62)** What is identified in the text as being one of the five major drivers of globalization?

62) \_\_\_\_\_\_

 A) geographic
 B) transportation
 C) cultural
 D) market

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**63)** A Colorado yogurt company was relieved when trade barriers on dairy products were lifted in Europe and the company could sell its products there. Which type of driver was affecting the company’s ability to do business in Europe?

63) \_\_\_\_\_\_

 A) political
 B) social
 C) technological
 D) market

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**64)** An example of a political driver of globalization is

64) \_\_\_\_\_\_

 A) privatization of industries.
 B) increased communication created by advanced communication technologies.
 C) globalizing product lines to decrease costs of production.
 D) the introduction of competitor firms.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**65)** The trend toward unification and socialization of the global community is illustrated by

65) \_\_\_\_\_\_

 A) progressive increases in barriers to foreign investment by most governments
 B) preferential trading arrangements that group several nations into a single market
 C) increased public ownership of much of the industry in formerly communist nations
 D) expanded barriers to trade by most governments

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**66)** Jackson Control Corp. now uses videoconferencing which helps the sales team demonstrate products to prospective international customers while eliminating expensive travel costs. Which of the five drivers of international business does this represent?

66) \_\_\_\_\_\_

 A) political
 B) market
 C) technological
 D) competitive

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**67)** When a government sees that local industry is threatened by imports, it can threaten to erect import barriers to stop or reduce these imports. This is an example of a \_\_\_\_\_\_\_\_ driver of international business activity.

67) \_\_\_\_\_\_

 A) technological
 B) market
 C) political
 D) cost

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**68)** Relatively inexpensive international communication enables firms to "body shop," that is, transmit computer-oriented tasks worldwide to a cheap but skilled labor force. This is an example of a \_\_\_\_\_\_\_\_ driver of international business activity.

68) \_\_\_\_\_\_

 A) political technological
 B) market
 C) technological
 D) cost

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**69)** Sankha is the director of operations for Farm Fresh Produce Corp. and is now able to sell his product to the international market thanks to a new computer system that is specifically designed for businesses in the fresh food industry. Which driver helped Sankha’s company internationalize?

69) \_\_\_\_\_\_

 A) technological
 B) cost
 C) market
 D) political

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**70)** When a supplier to an original equipment manufacturer (e.g., a battery manufacturer supplying an automobile producer) follows its major customer to a new country, it is an example of a \_\_\_\_\_\_\_\_ driver of international business activity.

70) \_\_\_\_\_\_

 A) political technological
 B) market
 C) technological
 D) cost

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**71)** An advertising company based in Toronto decided to establish an operation in France because it was concerned that its competition would try to take over its clients in Europe, which represents 65 percent of its business. Which type of driver is responsible for this decision to go international?

71) \_\_\_\_\_\_

 A) political
 B) technological
 C) cost
 D) market

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**72)** A company that decides to engage in exporting as a way to increase economies of scale is basing this decision on which driver of international business activity?

72) \_\_\_\_\_\_

 A) cost
 B) political
 C) competitive
 D) market

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**73)** What is an example of the competitive driver of international business activity?

73) \_\_\_\_\_\_

 A) a manufacturing company that lobbies its home country government for protection against imports
 B) a company that expands its local manufacturing facility in a foreign country in order to qualify for tax rebates
 C) a company that searches for markets with rising gross domestic product per capita and population growth
 D) a company that enters a foreign market to distract companies with similar products or services

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**74)** An automobile manufacturer decided to enter the European market because if it didn’t, then all of the other car companies that were already there would get the business. Which driver is causing internationalization for the manufacturer?

74) \_\_\_\_\_\_

 A) political
 B) market
 C) cost
 D) competitive

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**75)** The tendency toward an international integration of goods, technology, information, labor, and capital, or the process of making this integration happen, is called

75) \_\_\_\_\_\_

 A) internationalization.
 B) international business.
 C) economic globalization.
 D) multinationalization.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**76)** Who is credited with being the first person to coin the term “globalization?”

76) \_\_\_\_\_\_

 A) John Keynes
 B) Theodore Levitt
 C) Stephen Covey
 D) Peter Drucker

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**77)** The term *globalization* was first coined in a *Harvard Business Review* article in which the author maintained that

77) \_\_\_\_\_\_

 A) new technologies were creating opportunities for creating mass customization of products.
 B) governments would be threatened by the emergence of global companies and would limit their development.
 C) the future belonged to global companies that sold the same things the same way, everywhere.
 D) increased differentiation of products would mean that costs of production would become a steadily declining proportion of the selling price.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**78)** The argument that free trade is the best strategy for advancing the world's economic development is considered

78) \_\_\_\_\_\_

 A) one of the most contentious issues associated with economic globalization.
 B) one that has very little support in research studies.
 C) a proposition with which most economists agree.
 D) the basis for much protectionist legislation in emerging markets.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**79)** What was Theodore Levitt referring to when he said that the future belonged to corporations that operated “as if the entire world were a single entity; [such an organization] sells the same things in the same way everywhere”?

79) \_\_\_\_\_\_

 A) accommodation
 B) globalization
 C) standardization
 D) customization

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**80)** What is the COVAX initiative?

80) \_\_\_\_\_\_

 A) a World Bank program supporting developing nations
 B) a collaboration of nations to develop and disperse vaccines for COVID-19
 C) a United Nations program mandating that countries that receive financial support must meet specific goals
 D) a U.S.-funded plan to increase exports until there is a balance of trade

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**81)** Data have shown a clear and definitive link between

81) \_\_\_\_\_\_

 A) protectionist legislation and enhanced economic welfare of a country.
 B) liberalization of trade and reduced disparity in personal income.
 C) government subsidies and the development of globally competitive industries.
 D) liberalization of trade and economic growth.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**82)** According to supporters of the globalization of trade and investment, free trade

82) \_\_\_\_\_\_

 A) creates more and better jobs.
 B) benefits all nations and workers.
 C) does not cause the loss of high-paying jobs.
 D) preserves the individuality of different cultures.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**83)** Many opponents of globalization believe that the gap between rich and poor has

83) \_\_\_\_\_\_

 A) decreased.
 B) not been affected.
 C) disappeared.
 D) increased.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**84)** According to opponents of the globalization of trade and investment,

84) \_\_\_\_\_\_

 A) free trade benefits all nations and workers.
 B) globalization has caused a dramatic decline in both the proportion and the absolute number of destitute people in the world.
 C) globalization has contributed to a decline in environmental and health conditions.
 D) globalization enhances preservation of the uniqueness of different cultures.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**85)** An opponent of globalization would state that

85) \_\_\_\_\_\_

 A) globally integrated countries spend more on public education, especially in developing countries.
 B) globalization has had harmful effects on labor and labor standards.
 C) countries that have rejected globalization are among the most advanced nations of the world.
 D) globalization has increased the proportion of people in developing countries who live on $1.25 per day or less.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**86)** What is one argument in support of globalization?

86) \_\_\_\_\_\_

 A) Environmental issues are lessened through globalization.
 B) Globalization enhances access to health care for participants.
 C) Free trade enhances economic development.
 D) The process of globalization has enhanced the equalization of countries in terms of political and social economy.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**87)** When Georgio accepted a job in the U.S.-based subsidiary of his Spanish multinational company, he was surprised to learn that wage rates were

87) \_\_\_\_\_\_

 A) lower than the national average.
 B) equal to the national average.
 C) double the national average.
 D) 30 percent higher than the national average.

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**88)** Business conducted within a foreign country is known as foreign business.

88) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**89)** An international company (IC) is a company headquartered in another nation.

89) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**90)** International business differs from domestic business in that a firm operating across borders must deal with the forces of three kinds of environments—domestic, foreign, and international.

90) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**91)** A small gourmet food company operates solely within its own country’s borders. As such, it need only be concerned with the domestic market.

91) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**92)** The term environment encompasses multiple forces that impact the firm’s operations.

92) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**93)** The structure of the organization is an external environmental force.

93) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**94)** Lobbyists who advocate for new laws that will affect the production standards of a business are an example of an internal force.

94) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**95)** The foreign environment consists of the interactions between the domestic environmental forces and the foreign environmental forces, as well as interactions between the foreign environmental forces of two countries.

95) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium

**96)** Decision making is more complex in an international environment than it is in a purely domestic environment.

96) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic

**97)** After Simone was transferred from the U.S. home office to the French satellite office, she was frustrated that most of her workers took the month of August off for vacation. She believed they would work the extra hours if she offered them bonus pay, but they weren’t interested. In misunderstanding her workforce’s motivations, Simone is exhibiting a self-reference criterion.

97) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Learning Objective : 01-01 Show how international business differs from domestic business.
Topic : Why Study International Business
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
AACSB : Knowledge Application

**98)** Britain was the world's leading manufacturing country for about 1,800 years, until it was replaced by the United States in the 1800s.

98) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**99)** The plague known as the Black Death moved west and affected more people as the international trading system expanded.

99) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**100)** The 17th and 18th centuries have frequently been termed the *age of industrialism* because this was the period when industrialization was advanced to the masses.

100) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**101)** Urbanization and industrialization in emerging markets are causing population shifts from Europe and the Americas to Asia.

101) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-02 Describe the history and future of international business.
Topic : What Is Globalization?

**102)** Multinational corporations consist of several entities in different countries, each of which has its own independent strategy and policies.

102) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**103)** A nation’s GNI and a company’s sales are directly comparable because GNI is a measure of value added, as are sales.

103) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**104)** Foreign direct investment includes investment in equipment, organizations, and company stock in a foreign country.

104) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Discuss the dramatic internationalization of business.
Topic : The Changing Nature of the Global Economy

**105)** When company A in the UK signed a long-term contract to supply essential parts to company B in the U.S., company A decided to move its operations to the U.S. to discourage competitors from taking away the business. This is an example of a market driver.

105) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Difficulty : 2 Medium
Bloom's : Apply
AACSB : Knowledge Application
Topic : Drivers of Globalization
Learning Objective : 01-04 Identify the kinds of drivers that are leading firms to internationalize t

**106)** The advent of globalization has had minimal effect on labor standards around the world.

106) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**107)** Opponents of free trade point out that globalization has contributed to a decline in environmental and health conditions.

107) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**108)** The global COVID-19 pandemic fostered antagonism toward globalization, with critics saying that the interconnectedness of nations and people exacerbated the scope of the infection.

108) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**109)** Critics of globalization point to countries that are fully self-reliant for all the goods and services they need.

109) \_\_\_\_\_\_

 ⊚ true
 ⊚ false

 **Question Details**AACSB : Reflective Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Gradable : automatic
Bloom's : Understand
Difficulty : 2 Medium
Topic : What Is Globalization?
Learning Objective : 01-05 Compare the key arguments for and against the globalization of business.

**Answer Key**Test name: Module 1

1)Answers will vary, but should address each of the three kinds of environments that firms operating across borders must deal with: domestic, foreign, and international. The domestic environment involves all of the uncontrollable forces originating in the home country that surround and influence the firm's life and development. The foreign environment involves all of the uncontrollable forces originating outside the home country that surround and influence the firm. The international environment involves the interaction between domestic and foreign environmental forces, or between sets of foreign environmental forces.

2)Answers will vary, but should address each of the five major kinds of drivers: political, technological, market, cost, and competitive.

3)Answers will vary, but arguments supporting globalization should include discussion about how free trade enhances socioeconomic development and about how free trade promotes more and better jobs. Arguments opposing globalization of trade and investment should include discussion of how globalization has produced uneven results across nations and people, has had deleterious effects on labor and labor standards, and has contributed to a decline in environmental and health conditions. Opinions will vary but should be supported with logic.

4) foreign

The operations of a company outside its home or domestic market are known as foreign business.

5) international

An international company is a company with operations in multiple nations.

6) environment

As used in the text, the term *environment* means all the forces influencing the life and development of the firm.

7) controllable

The internal forces over which management does have some control, such as the factors of production and the activities of the organization, are called the controllable forces.

8) distributive

National and international agencies that distribute goods and services illustrate the distributive external force.

9) legal

A home country doing business in a foreign country, must obey all the laws of the host country, thus illustrating the legal external force.

10) physical

Elements of nature such as topography, climate, and natural resources illustrate the physical external force.

11) domestic

The domestic environment is all the uncontrollable forces originating in the home country that surround and influence the life and development of the firm.

12) foreign

The foreign environment refers to all the uncontrollable forces originating outside the home country that surround and influence the firm.

13) international

When an affiliate in one country does business with customers in another, it is operating in the international environment.

14) foreign affiliate

15) international

In other words, a sales manager of the operations of the Chinese electronics firm Xiaomi does not work in the international environment if he or she sells cellular phones only in China. If Xiaomi's China operations export smartphones to another country such as India, then the sales manager is affected by forces of both the domestic environment of China and the foreign environment of India and therefore is working in the international environment.

16) self-reference

Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment is known as the self-reference criterion.

17) multinational

A multinational enterprise is an enterprise made up of entities in more than one nation, operating under a decision-making system that allows a common strategy and coherent policies.

18) Foreign direct investment (FDI)

Foreign direct investment refers to direct investments in equipment, structures, and organizations in a foreign country at a level sufficient to obtain significant management control; does not include mere foreign investment in stock markets.

19) Exporting

Exporting is the transportation of any domestic good or service to a destination outside a country or region.

20) Importing

Importing is the transportation of any good or service into a country or region, from a foreign origination point.

21) service

Merchandise exports have grown faster than world output in nearly each of the past 60 years. The level of service exports worldwide grew even more during this time, from $396 billion in 1980 to $831 billion in 1990, $1.5 trillion in 2000, $3.9 trillion in 2010, and $4.7 trillion in 2013. This means that services exports in 2013 were about 12 times larger than they were in 2010.

22) political

According to the text, preferential trading agreements are examples of political drivers of globalization.

23) technological

Global communications networks enable manufacturing workers to coordinate production and design functions worldwide so that plants in many parts of the world may be working on the same product. These illustrate technological drivers for globalization.

24) competitive

A competitive driving force for globalization is the fact that companies are defending their home markets from competitors by entering the competitors' home markets to distract them.

25) economic globalization

Economic globalization is the tendency toward an international integration of goods, technology, information, labor, and capital, or the process of making this integration happen.

26) D

An international company has operations in multiple nations. International companies may not have any investment in nations other than their home nation, which might be the case for a company that is only involved in exporting and selling its goods or services in other nations.

27) D

An international company has operations in multiple nations.

28) B

Foreign business denotes the operations of a company outside its home or domestic market; many refer to this as *business conducted within a foreign country*.

29) D

An *international business* is a business that is carried out across national borders.

30) B

International business differs from domestic business in that a firm operating across borders must deal with the forces of three kinds of environments—domestic, foreign, and international. In contrast, a firm whose business activities are carried out within the borders of one country needs to be concerned essentially with only the domestic environment.

31) B

The term *environment* as used here means all the forces influencing the life and development of the firm. The forces themselves can be classified as *external* or *internal*. The external forces are commonly called *uncontrollable forces*, which are the external forces that management has no direct control over, although it can exert influence. The internal forces over which management does have some control and that management administers to adapt to changes in the uncontrollable forces are called the *controllable forces*.

32) D

Uncontrollable forces are the external forces over which management has no direct control, although it can exert influence—such as lobbying for a change in a law and heavily promoting a new product that requires a change in a cultural attitude.

33) D

Internal forces include human resources, finance, or production. These are all forces that are controllable.

34) C

External forces are those that a company cannot control, such as a governor raising taxes.

35) D

Internal forces like human resources are controllable.

36) C

Interest rates are an example of a financial factor that acts as an external force on a business.

37) A

There are many types of external forces that affect a company’s environment. In this example, the labor force is having an effect because the company doesn’t have the necessary staff.

38) D

There are many types of external forces that affect a company’s environment. In this example, an economic force is having an effect.

39) C

The domestic environment is all the uncontrollable forces originating in the home country that surround and influence the life and development of the firm.

40) B

The foreign environment refers to all the uncontrollable forces originating outside the home country that surround and influence the firm.

41) D

The foreign environment refers to all the uncontrollable forces originating outside the home country that surround and influence the firm. The forces in the foreign environment are the same as those in the domestic environment except that they occur outside the firm's home country.

42) B

The forces in the foreign environment are the same as those in the domestic environment except that they occur outside the firm's home country. However, they operate differently for several reasons.

43) C

The international environment consists of the interactions between the domestic environmental forces and the foreign environmental forces, as well as interactions between the foreign environmental forces of two countries, such as when an affiliate in one country does business with customers in another.

44) A

Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment is known as the self-reference criterion.

45) C

Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment is known as the self-reference criterion.

46) D

In international business, the international manager has three choices in deciding what to do with a concept or a technique employed in domestic operations: (1) transfer it intact, (2) adapt it to local conditions, or (3) not use it overseas.

47) A

While international business as a discipline is relatively new, as a business practice it is not. Well before the Roman Empire was established, Phoenician and Greek merchants were sending representatives abroad to sell their goods.

48) C

While international business as a discipline is relatively new, as a business practice it is not. Well before the time of the Roman Empire, Phoenician and Greek merchants were sending representatives abroad to sell their goods.

49) A

The Dutch East India Company was the first company to issue stock and is frequently identified as the first multinational corporation.

50) D

The rise of the Ottoman Empire before 1300, ultimately spanning Europe, North Africa, and the Middle East, profoundly influenced the emerging trade routes for people, goods, money, animals, and microorganisms that spanned from England to China, across the Mediterranean and Northern Africa, and through Central Asia and the Indian Ocean region. The powerful central location of the Ottomans within this trading web had the effect of raising the cost of Asian trade for Europeans and thus drove a search for sea routes to Asia, including the expeditions that discovered the Americas.

51) D

The 17th and 18th centuries have frequently been termed the "*Age of Mercantilism*" because the power of nations depended directly on the sponsorship and control of merchant capital, which expanded under the direct subsidization and protection of national governments.

52) C

It is estimated there are more than 103,000 multinational corporations with nearly 900,000 foreign affiliates.

53) B

The expanding importance of foreign-owned firms in local economies came to be viewed by a number of governments as a threat to their autonomy. However, there has been a marked liberalization of government policies and attitudes toward foreign investment in both developed and developing nations in recent years.

54) C

In 2020, only 23 nations had gross national incomes (GNIs) greater than the total annual sales of Walmart Stores, the company with the greatest level of sales in the world.

55) C

Regardless of the parent firm's size, each affiliate is a local company that must comply with the laws in the country in which it is located. If it does not, it can be subject to legal action or even government seizure.

56) D

Foreign direct investment refers to direct investments in equipment, structures, and organizations in a foreign country.

57) B

The total stock of outward FDI worldwide was $34.6 trillion at the beginning of 2020, nearly five times larger than what it was in 2000.

58) C

Exporting is the transportation of any domestic good or service to a destination outside a country or region.

59) A

Importing is the transportation of any good or service into a country or region, from a foreign origination point.

60) D

The level of service exports worldwide grew from $396 billion in 1980 to $6.1 trillion in 2019. This means that services exports in 2019 were 15.5 times larger than they were in 1980.

61) A

Five major kinds of drivers, all based on change, are leading international firms to internationalize their operations: (1) political, (2) technological, (3) market, (4) cost, and (5) competitive.

62) D

Five major kinds of drivers, all based on change, are leading international firms to internationalize their operations: (1) political, (2) technological, (3) market, (4) cost, and (5) competitive.

63) A

The reduction of trade barriers is an example of a political driver affecting international business.

64) A

There is a trend toward the unification and socialization of the global community. Preferential trading arrangements that group several nations into a single market, such as the North American Free Trade Agreement and the European Union, have presented firms with significant marketing opportunities. Many firms have moved swiftly to gain access to the combined markets of these trading partners, by either exporting to or producing in the area. Two other aspects of this trend are contributing to the globalization of business operations: (1) the progressive reduction of barriers to trade and foreign investment by most governments, which is hastening the opening of new markets by international firms that are both exporting to them and building production facilities in them, and (2) the privatization of much of the industry in formerly communist nations and the opening of their economies to global competition.

65) B

There is a trend toward the unification and socialization of the global community. Preferential trading arrangements that group several nations into a single market, such as the North American Free Trade Agreement and the European Union, have presented firms with significant marketing opportunities.

66) C

Advances in computers and communications technology are permitting an increased flow of ideas and information across borders, enabling customers to learn about foreign goods. Internet videoconferencing allows sellers to demonstrate their products to prospective buyers all over the world without the need to travel. It also permits international companies to hold corporate meetings between managers from headquarters and overseas subsidiaries without expensive, time-consuming travel.

67) C

Trade barriers are political barriers to international business.

68) C

This demonstrates a technological driver of international business.

69) A

Technological drivers include advances in computers and communication technology that permit an increased flow of ideas and information across borders.

70) B

Suppliers to original equipment manufacturers (battery manufacturers supplying automobile producers) often follow their large customers, reflecting a market driver for internationalization. These suppliers have an added advantage in that they are moving into new markets with a guaranteed customer base.

71) D

A company that establishes a foreign operation to maintain the majority of its business is being affected by a market driver.

72) A

In this situation, a cost driver is affecting the decision to conduct international business.

73) D

While many of these alternatives may have some element related to the competitiveness of a company, a company that enters a foreign competitor's home market to distract them would be the *best* example of a company responding to a competitive driver as the basis for internationalizing its business activities.

74) D

Since competition continues to increase in intensity, companies are having to respond to this and determine if they should enter the international market.

75) C

Economic globalization is the tendency toward an international integration and interdependency of goods, technology, information, labor, and capital, or the process of making this integration happen.

76) B

Theodore Levitt is credited with being the first person to coin the term “globalization.”

77) C

The term *globalization* was first coined by Theodore Levitt in a *Harvard Business Review* article in which he maintained that new technologies had "proletarianized" communication, transport, and travel, creating worldwide markets for standardized consumer products at lower prices. He maintained that the future belonged to global corporations that did not cater to local differences in taste but, instead, adopted strategies that operated "as if the entire world (or major regions of it) were a single entity; [such an organization] sells the same things in the same way everywhere."

78) C

That free trade is the best strategy for advancing the world's economic development is one of the few propositions on which almost all economists agree, not only because it is theoretically compelling but also because it has been demonstrated in practice.

79) B

Levitt was referring to globalization when he made this statement.

80) B

The COVAX initiative involved collaboration of over 170 nations to help develop and disperse vaccines at an unprecedented speed and scale to address the COVID-19 pandemic and to facilitate equitable access to treatment for populations in less prosperous nations of the world.

81) D

Data have shown a clear and definitive link between liberalization of trade and economic growth. On a wide range of measures—poverty, education, health, and life expectancy—more people have become better off at a faster pace in the past 60 years than at any other time in history. Evidence is strong regarding the dramatic decline in both the proportion and the absolute number of destitute people.

82) A

Expanded trade is linked with the creation of more and better jobs. Between 1991 and 2020—a period of immense technological change and growth in trade—over 42 million more nonfarm jobs were created than were destroyed in the United States, an increase of 40 percent.

83) D

Many opponents of globalization have claimed that there is a huge gap between the world’s rich and poor and that globalization has caused that gap to increase.

84) C

While many of the antiglobalizers concede that globalization "increases the size of the pie," they also claim that it has been accompanied by a broad array of injurious social implications. Among their concerns are (1) that globalization has produced uneven results across nations and people, (2) that globalization has had deleterious effects on labor and labor standards, and (3) that globalization has contributed to a decline in environmental and health conditions.

85) B

While many of the antiglobalizers concede that globalization "increases the size of the pie," they also claim that it has been accompanied by a broad array of injurious social implications. Among their concerns are (1) that globalization has produced uneven results across nations and people, (2) that globalization has had deleterious effects on labor and labor standards, and (3) that globalization has contributed to a decline in environmental and health conditions.

86) C

One of the few things on which economists agree when it comes to globalization is that free trade is the best strategy for advancing the world’s economic development.

87) D

Additional jobs have been created by foreign investment linked to globalization of markets and trade, with many of these new jobs being well-compensated. Indeed, wage rates in U.S.-based subsidiaries of foreign multinationals are about 30 percent above the national average.

88) TRUE

Foreign business denotes the operations of a company outside its home or domestic market; many refer to this as business conducted within a foreign country.

89) FALSE

An international company (IC) is a company with operations in multiple nations.

90) TRUE

International business differs from domestic business in that a firm operating across borders must deal with the forces of three kinds of environments—domestic, foreign, and international.

91) TRUE

Since this company operates solely within its borders, it only needs to be concerned with the domestic market.

92) TRUE

As used in the text, the term *environment* means all the forces influencing the life and development of the firm.

93) FALSE

The internal forces are those over which management has some control and can manage in response to changes in uncontrollable forces. They include human resources, finance, production, organizational structures and processes, and marketing,

94) FALSE

The internal forces over which management does have some control, such as the factors of production and the activities of the organization, are called the *controllable forces*. Lobbyists who advocate for new laws are an example of an external force.

95) FALSE

This describes the international environment, not the foreign environment.

96) TRUE

Those who work in the international environment find that decision making is more complex than it is in a purely domestic environment.

97) TRUE

Unconscious reference to your own cultural values when judging behaviors of others in a new and different environment is known as the self-reference criterion.

98) FALSE

China was the world's leading manufacturing country for about 1,800 years, until it was replaced by Britain about 1840.

99) TRUE

Politics, the arts, agriculture, industry, and other sectors of human life were profoundly influenced by the goods and ideas that came with trade. Public health was also affected. A precursor to contemporary concerns about global health epidemics, such as the Zika virus and COVID-19, was international trade’s association with the spread of the plague, one of the worst natural disasters in history.

100) FALSE

The 17th and 18th centuries have frequently been termed the *age of mercantilism* because the power of nations depended directly on the sponsorship and control of merchant capital, which expanded under the direct subsidization and protection of national governments.

101) TRUE

Rapid urbanization of populations combined with industrialization in the emerging markets is quickly shifting the world's economic center of gravity from Europe and the Americas back to Asia, where it had been until the start of the industrial revolution in the 1800s.

102) FALSE

Multinational corporations are enterprises made up of entities in more than one nation, operating under a decision making system that allows for a common strategy and coherent policies.

103) FALSE

A nation’s GNI and a company’s sales are not directly comparable because GNI is a measure of value added, not sales. If a nation’s total sales were computed, the result would be far greater than its GNI because there would be triple and quadruple counting.

104) FALSE

Foreign direct investment refers to direct investments in equipment, structures, and organizations in a foreign country at a level sufficient to obtain significant management control. It does not include mere foreign investment in stock markets.

105) TRUE

Suppliers to original equipment manufacturers (for example, battery manufacturers supplying automobile producers) often follow their large customers. These suppliers have an added advantage because they are moving into new markets with a guaranteed customer base. They also are attempting to prevent competitors from gaining access to their customer.

106) FALSE

Although labor standards in developing countries are usually lower than in industrialized countries, they are rising—and evidence shows that multinationals investing in host nations pay higher wages, create new jobs at a faster rate, and spend more on R&D than do local firms.

107) TRUE

This is an argument against globalization. Opponents of globalization argue that it has contributed to a decline in environmental and health conditions.

108) TRUE

The global COVID-19 pandemic has fostered additional antagonism toward globalization. Critics of globalization have pointed to increasing interconnectedness of nations and the international movement of people and products as key vectors for helping to spread the virus.

109) TRUE

No country has the ability to be fully self-reliant for all of the goods and services required by its economy.