

Chapter 01 Testbank

Student: _____

1. The most global of markets is for industrial goods and materials that serve a universal need around the world, rather than for consumer products.

True False
2. Over the past two decades, the globalisation of markets in the services sector has overtaken that of goods manufacturing.

True False
3. Growth in China's manufacturing sector and in its middle class are creating both opportunities and threats for Australia's economy.

True False
4. International businesses are almost exclusively very large and complex.

True False
5. Offshoring is a special form of outsourcing.

True False
6. Part of Boeing's rationale for outsourcing so much of its production to foreign suppliers is that these suppliers are the best in the world at their particular activity.

True False

7. The International Monetary Fund (IMF) primarily exists to support free trade.
- True False
8. Two macro factors that underlie the trend towards greater globalisation are (1) the decline in barriers to the free flow of goods, services and capital; and (2) the dramatic developments in recent years in information and communication technologies and transport.
- True False
9. During the Global Financial Crisis (GFC), the main reasons for the decline in global production were a severe drop in consumer demand and an inability to finance international trade due to tight credit controls.
- True False
10. The Group of Eight (G8) represents the fastest-growing emerging economies (including China and Brazil) with respect to global economic issues.
- True False
11. One of the objectives of Boeing's outsourcing strategy was to reduce risk by:
- A. replicating existing domestic products and operations in foreign locations.
 - B. ensuring that most key management decisions were made by foreign nationals.
 - C. pushing some of the risks associated with the production of the new 787 on to foreign suppliers.
 - D. more women occupying key management positions in the organisation.

12.

The most global of brand names is in:

- A. services
- B. consumer goods
- C. industrial goods
- D. intellectual capital

13.

Critics of offshoring, which is when tasks previously performed in one country are undertaken abroad, suggest that it causes _____ and _____.

- A.
job losses; depresses wages
- B.
higher trade; lower trade barriers
- C.
poverty; greater wealth concentration
- D.
home-country costs; host-country benefits

14. Which of the following refers to the exporting of goods or services to consumers in another country?
- A. Situational commerce
 - B. World exchange
 - C. International trade
 - D. Cross-national barter
15. When a firm invests resources in business activities outside its home country, giving it control over those activities, this is referred to as:
- A. international trade.
 - B. domestic direct investment.
 - C. transnational barter.
 - D. foreign direct investment.
16. Critics of globalisation argue that falling trade barriers and the costs of production allow firms to move manufacturing operations to countries where the wage rates are much lower than in Australia. Supporters of globalisation reply to these criticisms and trends by making the point that:
- A. the benefits outweigh the costs.
 - B. the costs outweigh the benefits.
 - C. costs are offset by concentrating on product and market factors.
 - D. consumers benefit in the long run.

17. The globalisation of _____ refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, land and capital).

A. information technology

B. process design

C. markets

D. production

18. The globalisation of _____ refers to the shift towards a more integrated and interdependent world economy.

A. corporations

B. production

C. markets

D. culture

19. A company does not have to be the size of a multinational corporation to facilitate and benefit from the globalisation of markets. In Australia, for example, _____ of all goods exporters are small businesses employing fewer than _____ employees.

A. 57%; 10

B. 67%; 15

C.
44%; 20

D. 87%; 25

20. Fifty outside suppliers spread around the world account for 65% of the value of Boeing's 787 Dreamliner. As such, Boeing can be said to be undertaking:

- A. exporting.
- B. licensing.
- C. outsourcing.
- D. franchising.

21. Significant differences in cultures, politics and economies between countries can sometimes make it necessary for multinationals to:

- A. standardise their product offerings, and then adapt to local conditions.
- B. adapt their product offerings, and then standardise to local conditions.
- C. outsource manufacturing to key suppliers.
- D. open large warehouses under franchise agreements.

22. One of the key considerations for Indian-based global conglomerate the Tata Group in bringing to market the Nano was:
- A. free delivery to customers who repeat-purchase.
 - B. subsidised customer parking.
 - C. low incomes in India that are rapidly rising.
 - D. car designs for small-space living in high-rise apartments.

23. An international treaty that committed signatories to lowering barriers to the free flow of goods across national borders is called:
- A. the International Agreement on Trade.
 - B. the Global Expansion Agreement.
 - C. the Warsaw Pact.
 - D. the General Agreement on Tariffs and Trade.

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The most global of markets is in:

- A. services.
- B. consumer goods.
- C. industrial goods and materials.
- D. intellectual capital.

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The term 'offshoring':

- A. is synonymous with the term 'outsourcing'.
- B. means that tasks previously performed in one country are undertaken abroad.
- C. means shoring up intellectual capital.
- D. means that tasks previously performed in-house are now purchased from another country.

26. Globalisation of production allows companies to _____ so that they may _____.
- A. diversify their products; innovate in their home market's homogeneity
 - B. leverage their capital investments; complexify their customer base
 - C. lower their production costs; compete more effectively
 - D. isolate production risks; minimise market disruptions
27. Although outsourcing has primarily been confined to _____, companies are increasingly taking advantage of outsourcing for _____.
- A. services; manufacturing
 - B. manufacturing; services
 - C. mining; manufacturing
 - D. manufacturing; mining
28. _____ is seen as the lender of last resort to nation-states whose economies are in economic turmoil and whose currencies are losing value against those of other nations.
- A. The International Monetary Fund
 - B. The International Bank
 - C. The United Nations
 - D. The United States

29. With membership of 193 countries, the _____ was established to preserve peace through international cooperation and collective security.
- A. World Monetary Fund
 - B. International Monetary Fund
 - C. International Bank
 - D. United Nations
30. Promoting economic development, primarily by offering financial and technical assistance to governments of poorer nations, is the purpose of:

- A. the United Nations.
- B. the International Monetary Fund.
- C. the World Trade Organization.
- D. the World Bank.

31. _____ and _____ are the two macro factors that seem to underlie the trend towards greater globalisation.

A. The increase in global economic stability; the slowdown in technological change

B. The increase in barriers to the free flow of goods, services and capital that has occurred since the end of World War Two; global economic stability

C. The decline in barriers to the free flow of goods, services and capital that has occurred in the past 10 years; the slowdown in technological change

D. The decline in barriers to the free flow of goods, services and capital that has occurred since the end of World War Two; increased technological change

32. The investing of resources in business activities outside a firm's home country is referred to as:

A. international trade.

B. domestic direct investment.

C. transnational barter.

D. foreign direct investment.

33. The _____ (now subsumed under the World Trade Organization) is a treaty designed to remove barriers to the free flow of goods, services and capital between nations.
- A. Global Agreement on Tariffs and Commerce
 - B. United Nations Treaty on Trade
 - C. General Agreement on Tariffs and Trade
 - D. Multinational Agreement on Tariffs and Commerce
34. Evidence suggests that foreign direct investment is playing:
- A. a decreasing role in the world economy.
 - B. an increasing role in the world economy for services but a decreasing role in the world economy for manufactured goods.
 - C. an increasing role in the world economy for manufactured goods but a decreasing role in the world economy for services.
 - D. an increasing role in the world economy.
35. When discussing foreign direct investment (FDI), it is important to distinguish between the flow of FDI and the _____ of FDI.
- A. outflow
 - B. inflow
 - C. stock
 - D. trade

36. The flow of foreign direct investment experienced a major temporary setback after the:
- A. FIFA (football) World Cup.
 - B. avian influenza (bird flu) outbreak.
 - C. Global Financial Crisis.
 - D. 2012 US presidential elections.

37. _____ is the theory that predicts that the power of microprocessor technology doubles and its cost of production falls every 18 months.

- A. Brennan's Theorem
- B. Bailey's Law
- C. Moore's Law
- D. Ivan's Law

38. According to the textbook, between 1985 and 2013, global internet users increased from 50 million to 2.8 billion users. The larger number accounts for approximately:
- A. 9% of the world's population
 - B. the combined population of the European Union.
 - C. 39% of the world's population.
 - D. all the world's population under 15 years of age.
39. Due to containerisation and other developments in transport technology, the transport costs associated with the globalisation of production have:
- A. remained the same.
 - B. increased dramatically.
 - C. declined.
 - D. increased slightly.
40. One measure of the sustainability of food production is 'food miles'; that is, the distance the food travels to reach the supermarket shelves. Food producers that are sustainable in their food production and concerted in their efforts towards environmental protection are likely to have:
- A. a distinct advantage.
 - B. an absolute advantage.
 - C. a comparative advantage.
 - D. a competitive advantage.

41. One concern of critics of globalisation is that a global economy shifts economic power away from _____ and towards _____.

- A. the proletariat; the bourgeoisie
- B. national governments; supranational organisations
- C. the West; the East
- D. the East; the West

42. Which of the following is not a reason why some of the world's poorest countries have suffered from economic stagnation?

- A. Democratic governments
- B. Economic policies that destroy rather than facilitate the creation of wealth
- C. Weak protection of property rights
- D. War

43. To _____ is the minimum that a firm has to do to engage in international business.

- A. export or import
- B. invest directly in operations in another country
- C. establish joint ventures or strategic alliances with companies in other countries
- D. license products to companies in other countries

44. Any firm that engages in international trade or investment is referred to as:

- A. a multinational.
- B. a franchise.
- C. a conglomerate.
- D. an international business.

45. Managing an international business is different from managing a purely domestic business, for all of the following reasons except:
- A. countries are different.
 - B. international transactions involve converting money into different currencies.
 - C. the range of problems confronted by a manager in an international business is narrower than those confronted by a manager in a domestic business.
 - D. an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system.

46. Managing an international business is different from and more challenging than managing a domestic business, for a variety of reasons, including country differences, the wider range of more complex problems, the greater intensity of competition, the increased likelihood of intervention by both home and host governments, and:
- A. the fact that barriers to cross-border trade and investment are said to be flat or dormant.
 - B. the fact that outsourcing is increasing due to worldwide productivity.
 - C. the added complexity of conducting transactions in different countries.
 - D. the fact that national economies are becoming increasingly interdependent on each other.

47.

An important positive driver of the growth of the Indian software industry has been:

- A. India's earnings growth of more than 50% per annum.
- B. India's proximity to China.
- C. the falling regulatory and administrative barriers to doing business internationally.
- D. India's abundant supply of engineering talent.

48.

In keeping with the normative prescriptions of liberal economic ideology, in country after country we have seen state-owned businesses privatised, widespread deregulation adopted, markets opened to more competition, and commitment increased to removing barriers to cross-border trade and investment. All of this helps to:

- A. achieve economic dominance over the rest of the world.
- B. ensure that authoritarian governments shift their emphasis towards more democratic controls.
- C. facilitate a move towards the establishment of a more global economic system.
- D. predict shifts (along with their attendant risks) in the economic, political, social, technological and environmental structures of the world.

49. The Group of Twenty (G20) is an international forum comprising the government representatives of the G8 and other economies, including the emerging economies of Brazil, China and India, as a reflection of their rising global economic and political power to:

- A. achieve economic dominance over the rest of the world.
- B. ensure that authoritarian governments shift their emphasis towards more democratic controls.
- C. help facilitate continuing globalisation and trade liberalisation.
- D. predict shifts (along with their attendant risks) in the economic, political, social, technological and environmental structures of the world.

50. A sovereign wealth fund is a:

- A. government-controlled fund that manages and invests government savings.
- B. privately controlled fund that manages and invests private sector savings.
- C. pseudo-controlled fund that manages both private and government savings.
- D. savings fund for the benefit of countries in the Commonwealth only.

Chapter 01 Testbank **Key**

1.

The most global of markets is for industrial goods and materials that serve a universal need around the world, rather than for consumer products.

TRUE

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

2.

Over the past two decades, the globalisation of markets in the services sector has overtaken that of goods manufacturing.

FALSE

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

3.

Growth in China's manufacturing sector and in its middle class are creating both opportunities and threats for Australia's economy.

TRUE

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation debate

4.

International businesses are almost exclusively very large and complex.

FALSE

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The rise of mini multinationals

5.

Offshoring is a special form of outsourcing.

TRUE

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

6.

Part of Boeing's rationale for outsourcing so much of its production to foreign suppliers is that these suppliers are the best in the world at their particular activity.

TRUE

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of production

7.

The International Monetary Fund (IMF) primarily exists to support free trade.

FALSE

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: The emergence of global institutions

8.

Two macro factors that underlie the trend towards greater globalisation are (1) the decline in barriers to the free flow of goods, services and capital; and (2) the dramatic developments in recent years in information and communication technologies and transport.

TRUE

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Drivers of globalisation

9.

During the Global Financial Crisis (GFC), the main reasons for the decline in global production were a severe drop in consumer demand and an inability to finance international trade due to tight credit controls.

TRUE

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Drivers of globalisation

10.

The Group of Eight (G8) represents the fastest-growing emerging economies (including China and Brazil) with respect to global economic issues.

FALSE

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Learning Objective: 1.3 Justify the labelling of the 21st century as the 'emerging markets century'

Topic: The changing world output and world trade picture

11.

One of the objectives of Boeing's outsourcing strategy was to reduce risk by:

A.

replicating existing domestic products and operations in foreign locations.

B.

ensuring that most key management decisions were made by foreign nationals.

C.

pushing some of the risks associated with the production of the new 787 on to foreign suppliers.

D.

more women occupying key management positions in the organisation.

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Opening case

12.

The most global of brand names is in:

- A. services
- B. consumer goods
- C. industrial goods**
- D. intellectual capital

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

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Critics of offshoring, which is when tasks previously performed in one country are undertaken abroad, suggest that it causes _____ and _____.

- A.**
job losses; depresses wages
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poverty; greater wealth concentration
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home-country costs; host-country benefits

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Topic: Introduction

14.

Which of the following refers to the exporting of goods or services to consumers in another country?

- A. Situational commerce
- B. World exchange
- C.** International trade
- D. Cross-national barter

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: Introduction

15.

When a firm invests resources in business activities outside its home country, giving it control over those activities, this is referred to as:

- A. international trade.
- B. domestic direct investment.
- C. transnational barter.
- D.** foreign direct investment.

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: Introduction

16.

Critics of globalisation argue that falling trade barriers and the costs of production allow firms to move manufacturing operations to countries where the wage rates are much lower than in Australia. Supporters of globalisation reply to these criticisms and trends by making the point that:

- A.** the benefits outweigh the costs.
- B. the costs outweigh the benefits.
- C.
costs are offset by concentrating on product and market factors.
- D. consumers benefit in the long run.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.4 Debate the impact of globalisation on issues such as job security, income inequality and the environment

Topic: The globalisation debate

17.

The globalisation of _____ refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, land and capital).

- A. information technology
- B. process design
- C. markets
- D.** production

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of production

18.

The globalisation of _____ refers to the shift towards a more integrated and interdependent world economy.

A. corporations

B. production

C. markets

D. culture

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of markets

19.

A company does not have to be the size of a multinational corporation to facilitate and benefit from the globalisation of markets. In Australia, for example, _____ of all goods exporters are small businesses employing fewer than _____ employees.

A. 57%; 10

B. 67%; 15

C.
44%; 20

D. 87%; 25

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of markets

20.

Fifty outside suppliers spread around the world account for 65% of the value of Boeing's 787 Dreamliner. As such, Boeing can be said to be undertaking:

- A. exporting.
- B. licensing.
- C. outsourcing.**
- D. franchising.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of production

21.

Significant differences in cultures, politics and economies between countries can sometimes make it necessary for multinationals to:

- A.** standardise their product offerings, and then adapt to local conditions.
- B. adapt their product offerings, and then standardise to local conditions.
- C. outsource manufacturing to key suppliers.
- D. open large warehouses under franchise agreements.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: The globalisation of markets

22.

One of the key considerations for Indian-based global conglomerate the Tata Group in bringing to market the Nano was:

- A. free delivery to customers who repeat-purchase.
- B. subsidised customer parking.
- C.** low incomes in India that are rapidly rising.
- D. car designs for small-space living in high-rise apartments.

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

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23.

An international treaty that committed signatories to lowering barriers to the free flow of goods across national borders is called:

- A. the International Agreement on Trade.
- B. the Global Expansion Agreement.
- C. the Warsaw Pact.
- D.** the General Agreement on Tariffs and Trade.

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: The emergence of global institutions

24.

The most global of markets is in:

- A. services.
- B. consumer goods.
- C.** industrial goods and materials.
- D. intellectual capital.

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

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The term 'offshoring':

- A. is synonymous with the term 'outsourcing'.
- B.** means that tasks previously performed in one country are undertaken abroad.
- C. means shoring up intellectual capital.
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Topic: Introduction

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Globalisation of production allows companies to _____ so that they may _____.

- A. diversify their products; innovate in their home market's homogeneity
- B. leverage their capital investments; complexify their customer base
- C.** lower their production costs; compete more effectively
- D. isolate production risks; minimise market disruptions

Difficulty: Medium

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Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

27.

Although outsourcing has primarily been confined to _____, companies are increasingly taking advantage of outsourcing for _____.

A. services; manufacturing

B. manufacturing; services

C. mining; manufacturing

D. manufacturing; mining

Difficulty: Medium

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Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

28.

_____ is seen as the lender of last resort to nation-states whose economies are in economic turmoil and whose currencies are losing value against those of other nations.

A. The International Monetary Fund

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Difficulty: Medium

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Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

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29.

With membership of 193 countries, the _____ was established to preserve peace through international cooperation and collective security.

- A. World Monetary Fund
- B. International Monetary Fund
- C.
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Difficulty: Medium

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Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: The emergence of global institutions

30.

Promoting economic development, primarily by offering financial and technical assistance to governments of poorer nations, is the purpose of:

- A. the United Nations.
- B. the International Monetary Fund.
- C. the World Trade Organization.
- D.** the World Bank.

Difficulty: Medium

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Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: The emergence of global institutions

31.

_____ and _____ are the two macro factors that seem to underlie the trend towards greater globalisation.

A.

The increase in global economic stability; the slowdown in technological change

B.

The increase in barriers to the free flow of goods, services and capital that has occurred since the end of World War Two; global economic stability

C.

The decline in barriers to the free flow of goods, services and capital that has occurred in the past 10 years; the slowdown in technological change

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The decline in barriers to the free flow of goods, services and capital that has occurred since the end of World War Two; increased technological change

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Drivers of globalisation

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The investing of resources in business activities outside a firm's home country is referred to as:

A. international trade.

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Difficulty: Easy

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The _____ (now subsumed under the World Trade Organization) is a treaty designed to remove barriers to the free flow of goods, services and capital between nations.

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Global Agreement on Tariffs and Commerce

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Evidence suggests that foreign direct investment is playing:

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One measure of the sustainability of food production is 'food miles'; that is, the distance the food travels to reach the supermarket shelves. Food producers that are sustainable in their food production and concerted in their efforts towards environmental protection are likely to have:

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Difficulty: Hard

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Learning Objective: 1.4 Debate the impact of globalisation on issues such as job security, income inequality and the environment

Topic: The globalisation debate

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One concern of critics of globalisation is that a global economy shifts economic power away from _____ and towards _____.

- A. the proletariat; the bourgeoisie
- B.** national governments; supranational organisations
- C. the West; the East
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Which of the following is not a reason why some of the world's poorest countries have suffered from economic stagnation?

- A.** Democratic governments
- B. Economic policies that destroy rather than facilitate the creation of wealth
- C. Weak protection of property rights
- D. War

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.4 Debate the impact of globalisation on issues such as job security, income inequality and the environment

Topic: The globalisation debate

43.

To _____ is the minimum that a firm has to do to engage in international business.

A. export or import

B.

invest directly in operations in another country

C.

establish joint ventures or strategic alliances with companies in other countries

D.

license products to companies in other countries

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

44.

Any firm that engages in international trade or investment is referred to as:

A. a multinational.

B. a franchise.

C. a conglomerate.

D. an international business.

Difficulty: Easy

Gradable: automatic

Learning Objective: 1.1 Explain the process and drivers of globalisation and the opportunities and challenges it creates for business

Topic: Introduction

45.

Managing an international business is different from managing a purely domestic business, for all of the following reasons except:

A. countries are different.

B.

international transactions involve converting money into different currencies.

C.

the range of problems confronted by a manager in an international business is narrower than those confronted by a manager in a domestic business.

D.

an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.5 Compare how the management of international business differs from the management of domestic business

Topic: Managing in the global marketplace: What's the difference?

46.

Managing an international business is different from and more challenging than managing a domestic business, for a variety of reasons, including country differences, the wider range of more complex problems, the greater intensity of competition, the increased likelihood of intervention by both home and host governments, and:

A.

the fact that barriers to cross-border trade and investment are said to be flat or dormant.

B.

the fact that outsourcing is increasing due to worldwide productivity.

C.

the added complexity of conducting transactions in different countries.

D.

the fact that national economies are becoming increasingly interdependent on each other.

Difficulty: Hard

Gradable: automatic

Learning Objective: 1.5 Compare how the management of international business differs from the management of domestic business

Topic: Managing in the global marketplace: What's the difference?

47.

An important positive driver of the growth of the Indian software industry has been:

- A. India's earnings growth of more than 50% per annum.
- B. India's proximity to China.
- C. the falling regulatory and administrative barriers to doing business internationally.
- D.** India's abundant supply of engineering talent.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.2 Illustrate how the global economy has changed over the past 50 years

Topic: The changing shape of the global economy

48.

In keeping with the normative prescriptions of liberal economic ideology, in country after country we have seen state-owned businesses privatised, widespread deregulation adopted, markets opened to more competition, and commitment increased to removing barriers to cross-border trade and investment. All of this helps to:

A.

achieve economic dominance over the rest of the world.

B.

ensure that authoritarian governments shift their emphasis towards more democratic controls.

C.

facilitate a move towards the establishment of a more global economic system.

D.

predict shifts (along with their attendant risks) in the economic, political, social, technological and environmental structures of the world.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.3 Justify the labelling of the 21st century as the 'emerging markets century'

Topic: The global economy of the 21st century: The emerging markets century?

49.

The Group of Twenty (G20) is an international forum comprising the government representatives of the G8 and other economies, including the emerging economies of Brazil, China and India, as a reflection of their rising global economic and political power to:

A.

achieve economic dominance over the rest of the world.

B.

ensure that authoritarian governments shift their emphasis towards more democratic controls.

C.

help facilitate continuing globalisation and trade liberalisation.

D.

predict shifts (along with their attendant risks) in the economic, political, social, technological and environmental structures of the world.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.3 Justify the labelling of the 21st century as the 'emerging markets century'

Topic: The changing world output and world trade picture

50.

A sovereign wealth fund is a:

- A.** government-controlled fund that manages and invests government savings.
- B. privately controlled fund that manages and invests private sector savings.
- C. pseudo-controlled fund that manages both private and government savings.
- D. savings fund for the benefit of countries in the Commonwealth only.

Difficulty: Medium

Gradable: automatic

Learning Objective: 1.3 Justify the labelling of the 21st century as the 'emerging markets century'

Topic: The changing foreign direct investment picture

Chapter 01 Testbank Summary

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