Chapter-1 Business Environments

Self Assessment Questions

1. The following factors are key drivers of globalization:

   a. Government action, exchange rates, competition and socio demographic factors.
   b. Market convergence, competition, exchange rates and cost advantages.
   c. Cost advantages, government action, economic cycles and competition.
   d. Market, cost, competition and government policies.

2. Scenarios are used to:

   a. Develop a long term view of strategy.
   b. Build plausible views of different possible futures and develop a long term view of strategy.
   c. Identify key drivers of change.
   d. Develop a view of an environment which has a high degree of uncertainty, build plausible views of different possible futures and take a long term view of strategy.

3. Porter suggests the following reasons for one nation being more competitive than another:

   a. Ability to speak English; developed network of supporting industries; absence of competition; and low labor cost.
   b. Abundant natural resources; skilled labor force; temperate climate; and democracy.
   c. Factor conditions; demand conditions; related and supporting industries; and firm strategy, industry strategy and rivalry.
   d. Strong sporting ethos; emphasis on individual achievement; strong national party in power; large home market.

4. The five forces that affect the level of competition in an industry are:

   a. Threat of entrants; power of buyers; power of suppliers; threat of substitutes; competitive rivalry.
   b. Threat of buyers; power of entry; power of substitutes; threat of suppliers; threat of recession.
   c. Threat of recession; power of buyers; power of suppliers; threat of management failure; competitive rivalry.
d. Threat of entry; power of buyers; power of suppliers; threat of substitutes; government action.

5. Which of the following statements in relation to the Five Forces framework is correct?

a. The framework assists in developing a broad perspective on the environment within which an organization is operating.
b. It is not appropriate in public sector management.
c. The framework is a means of identifying the forces which affect the level of competition in an industry or sector.
d. The framework identifies the major stakeholders of an organization.

6. In the Five Forces framework, the term “threat of entrants” means:

a. The possibility of an existing competitor capturing the entire market.
b. The possibility of an existing competitor withdrawing from the market.
c. The possibility of a new competitor entering the market.
d. The possibility of a potential competitor entering a different market.

7. The threat of substitutes may be high if:

a. Switching costs are of concern to the customer.
b. The substitute product provides a higher perceived value or benefit.
c. The substitute product does not provide enhanced functionality, reduced cost and better quality.
d. Customers have strong existing brand loyalty.

8. Assessment of competitive rivalry does NOT include an understanding of:

a. The extent to which competitors are in balance.
b. Market growth rates.
c. Fixed costs, exit barriers and operational efficiency.
d. The management structure of an organisation.

9. Strategic Groups are:

a. A group of companies competing in the same industry.
b. Organizations in the same industry with similar characteristics and following similar strategies.
c. Strategic Business Units (SBUs).
d. Organizations following similar strategies.
10. Market segmentation aims to:
   a. Identify the similarities and differences between groups of customers or users.
   b. Identify the similarities between groups of customers or users.
   c. Identify the differences between organizations and their competitors.
   d. Identify the needs and wants of all customers or users.

11. What are the bases of market segmentation?
   a. The business environment; the attractiveness of the market; the purchase/use situation.
   b. The strength of the competitors; the attractiveness of the market; the organizational structure.
   c. Strategic capabilities; organizational structure; organizational culture.
   d. The characteristics of the people/organizations; the purchase/use situation; users' needs and preferences for product characteristics.

12. Strategic gaps are:
   a. Weaknesses in a company's resources or competences.
   b. Opportunities in the business environment not being fully exploited by the competition.
   c. Opportunities in the same market segment.
   d. Opportunities in new market segments.

13. Globalization lets countries move closer to each other. People, companies and organizations in different countries can live and work together.
   a) True
   b) False

14. Which of the following do NOT facilitate globalization?
   a) Improvements in communications
   b) Barriers to trade and investment
   c) Immigration controls
   d) Removal of controls on movement of capital across borders

15. Which of the following is not a driver of globalization?
   a. The fragmentation of consumer tastes between countries.
   b. The competitive process.
c. Multinational companies successfully persuading governments to lower trading barriers.
d. The need to gain economies of scale.

16. Globalization is beneficial for firms because:
   a. It protects them against foreign competition.
   b. It cushions them from the effects of events in other countries.
   c. It opens up new market opportunities.
   d. It increases the risk and uncertainty of operating in a globalizing world economy.

17. The internet facilitates globalization by:
   a. Making it more difficult to contact potential customers abroad.
   b. Cutting the cost for firms of communicating across borders.
   c. Making it harder to send money from one country to another.
   d. Making it easier for governments to censor the information received by their citizens from abroad.

18. Globalization can create problems for business because:
   a. It can result in more competition.
   b. It increases vulnerability to political risk and uncertainty when operating abroad.
   c. It means that they can increase prices.
   d. All of the options given are correct.

19. Trident responds to globalization factors by importing inputs from Mexican suppliers and making exports sales to Canadian buyers.
   a. True
   b. False

20. Globalization refers to:
   a) A more integrated and interdependent world
   b) Less foreign trade and investment
   c) Global warming
   d) Lower incomes worldwide
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Chapter-2 Disinvestment

Self Assessment Questions

Which of the following is a characteristic of multinational enterprises?

a. The company does at least 30 percent of its business in foreign markets.
b. The affiliates are responsive to a number of important environmental forces.
c. At least half its directors are foreign nationals.
d. The overseas market is larger than the domestic market.

2. Which of the following is a definition of multinational enterprises?

a. A company operating in emerging economies.
b. A company headquartered in one country but having operations in other countries.
c. A company employing foreign nationals.
d. None of the above.

3. An outsourcer:

a. only produces standardized parts.
b. provides recycling capabilities to the organization.
c. generates its revenue by producing for another company.
d. is always located in a foreign country.

4. Which of the following is an EU MNE?

a. Macintosh.
b. Canon.
c. Levi-Strauss.
d. Zara.

5. Project-based structures are a special form of the following structure:

a. Multi-divisional
b. Functional
c. Matrix
d. Team-based

6. The United Nations has identified ............... MNEs.

a. 85,000
7. Which of the following firms saw an increase in the number of its foreign affiliates between 1970 and 2000?
   a. Marubeni.
   b. Unilever.
   c. Ford.
   d. All of the above.

8. The first step a firm must take in strategic planning is:
   a. analysis of the external environment.
   b. formulate its objectives.
   c. analysis of the internal environment.
   d. identify its basic mission.

9. Typically, the last step in the internationalization process is:
   a. the sales subsidiary.
   b. licensing.
   c. FDI.
   d. portfolio investment.

10. Which of the following is the best example of a multinational enterprise?
    a. A local health company.
    b. The US post office.
    c. A large pharmaceutical company.
    d. A British rail company.

11. Which of the following is not a characteristic of an MNE?
    a. It is responsive to a number of environmental forces in its home and host country.
    b. It links together affiliates and business partners under a common strategic vision.
    c. It always starts its internationalization process through licensing.
    d. It always draws on a common pool of resources.

12. Which of the following is a characteristic of a licensing agreement?
a. The licensor might provide access to some of its patents or trademarks.
b. It might be used to avoid the risks of foreign involvement.
c. The licensor might provide access to technology.
d. All of the above.

13. A transnational structure seeks to:
   a. Manage international business in an efficient way.
   b. Ensure local responsiveness
   c. Coordinate global business
   d. Combine the local responsiveness with global coordination

14. Functional Structures are based on:
   a. The primary activities of an organisation such as production, finance and marketing.
   b. Business Units
   c. Geographic divisions
   d. Product divisions

15. For matrix structures to operate effectively they should:
   a. Provide for collaboration between senior managers across the matrix
   b. Have mechanisms for dealing with deadlock situations
   c. Ensure matching of individuals with separate divisions to provide a degree of ownership
   d. All of these

16. Solectron's business is:
   a. to advertise the brand names of MNEs.
   b. to act as an intermediate supplier for brand name MNEs.
   c. to make products for brand name MNEs.
   d. All of the above.

17. Examples of network organizations are:
   a. A one-stop-shop
   b. A teleporting organization and federations of experts
   c. A service network
   d. All of these
18. How is an FSA defined?

a. A unique capability proprietary of the organization.
b. Natural resource endowments.
c. Labor.
d. Government support.

19. Control through direct supervision is common in:

a. Periods of stability
b. Innovative organizations
c. All organizations in a period of change
d. Small organizations

20. Balanced scorecards are a means of control through:

a. Performance targets
b. Portfolio management
c. Qualitative measures
d. Quantitative measures

Answers for Self Assessment Questions
1. (b) 2.(b) 3.(b) 4.(d) 5.(d) 6.(b) 7.(d) 8.(d) 9.(c) 10.(c) 11. (c) 12.(d) 13.(d) 14.(a) 15.(d) 16. (c) 17.(d) 18.(a) 19.(d) 20.(a)
Chapter-3 Political Systems

Self Assessment Questions

1. Which of the following sentences about individualism is not true?
   a. Individualists tend to see brands as unique human personalities.
   b. Individualistic cultures are universalistic cultures while collectivistic cultures are particularistic.
   c. Individualism is increasing world-wide because it is associated with wealth.
   d. In individualistic cultures private time and work are not strictly separated.

2. The seven value types developed by Schwartz are:
   a. collectivism, masculinity, femininity, freedom, mastery, egalitarian commitment and harmony.
   b. conservatism, collectivism, affective autonomy, hierarchy, mastery, freedom and harmony.
   c. conservatism, intellectual autonomy, collectivism, hierarchy, mastery, innovativeness and harmony.
   d. conservatism, intellectual autonomy, affective autonomy, hierarchy, mastery, egalitarian commitment and harmony.

3. Which of the following is not true about high-context cultures?
   a. Negotiations are lengthy.
   b. Competitive bidding is less important.
   c. Lawyers are less important.
   d. People make a big deal out of private space.

4. Which of the following is not an element of culture?
   a. Tax law.
   b. Language.
   c. Traditions.
   d. Art.

5. Sharia Law states that charging any form of interest is:
   a. legal.
   b. recommended.
   c. common practice everywhere in the world.
6. To assess the potential of international markets, organizations generally compare nations with respect to:

   a. consumer preferences.
   b. 'demographics, GNP/capita' and 'consumer preferences'.
   c. political regime.
   d. demographics, GNP/capita.

7. Which of the following statements is true?

   a. The payment of interest is considered legal by Islam.
   b. The payment of interest is considered illegal by Islam.
   c. Alcohol consumption is considered legal by Islam.
   d. All the above statements are true.

8. The cultural environment of a country is best defined by which characteristics?

   a. Degree of nationalism and economic community membership.
   b. Values, attitudes, heroes, myths and symbols.
   c. Standard of living and stage of economic development.
   d. Production process and standards of measurement.

9. Hyperbole, persuasiveness, dreams, great expectations, and comparative advertising are reflections of which Hofstede’s dimension?

   a. Femininity.
   b. Collectivism.
   c. Individualism.
   d. Masculinity.

10. Which of the following sentences is not true?

    a. In large power distance and collectivistic cultures, children remain dependent on their parents much more than those in small power distance and individualistic cultures.
    b. Characteristic of weak uncertainty avoidance is resistance to change, a desire for stability.
    c. The norm, the desirable, in masculine societies is that one wants to show one’s success.
    d. In small power distance cultures, freedom means independence.
11. Between ................. of the world’s population is collectivist.

a. 70-80%
b. 90-95%
c. 10-20%
d. 40-50%

12. The initial membership of the League consisted of twenty states.

a. True
b. False

13. Rules and practices which cover groups of countries such as the EU.

a. Micropolitical risk
b. Macropolitical risk
c. Intellectual property rights
d. Supranational regulations

14. The airline industry faces higher taxes because of air-pollution.

a. Supranational regulations
b. Macropolitical risk
c. Micropolitical risk
d. Legal precedent

15. Terrorism raises worldwide security costs.

a. Supranational regulations
b. Legal precedent
c. Intellectual property rights
d. Micropolitical risk

16. Chinese authorities prosecute a local firm for breaching a US pharmaceutical company’s patent.

a. Intellectual property rights
b. Micropolitical risk
c. Supranational regulations
d. Macropolitical risk

17. ............has in a way been reduced to either a short personal emotion or a view totally secluded to a tiny corner in the world of politics.
a. Individualism  
b. Collectivism  
c. Corporate culture  
d. None of these

18. Heroism is a much higher attainment than anything that occurs in sports.
   a. True  
   b. False

19.............is that which determines how to distribute the wealth, how to possess it, and how to spend or dispose of it.
   a. economic system  
   b. Economic Science  
   c. Socialist Economic System  
   d. None of these

20. Property includes money such as gold and silver, commodities such as clothes and foodstuffs.
   a. True  
   b. False

Answers for Self Assessment Questions
1. (d) 2.(d) 3.(a) 4.(a) 5.(d) 
6. (d) 7.(b) 8.(b) 9.(d) 10.(b) 
11. (a) 12.(a) 13.(d) 14.(b) 15.(d) 
16. (a) 17.(b) 18.(a) 19.(a) 20.(a)

Chapter-4 Legal Systems
Self Assessment Questions
1. Who can sue in negligence for injury caused by a defective product?
   a. Anyone who is injured by a defective product, as a result of someone else's negligence.
   b. Only the person who bought the product.
   c. Only someone who was known to the person who supplied the product.

2. Under the Consumer Protection Act 1987, only the manufacturer of a defective product can be sued for injury caused by it.
   a. False.
   b. True.

3. Which of these is the definition of a defective product under the Act?
   a. 'The product is not as hardwearing as persons generally are entitled to expect'.
   b. 'The product is not as effective in use as persons generally are entitled to expect'.
   c. 'The safety of the product is not such as persons generally are entitled to expect'.

4. What must a claimant under the Act prove?
   a. The defect was the producer's fault.
   b. The product was defective.
   c. The product was made in the EU.

5. When is the very last date a claimant can bring a case under the Consumer Protection Act?
   a. Three years after the claimant discovers the defect, the damage, or the identity of the defendant.
   b. Ten years after the defendant supplied the product.
   c. Ten years after the injury was caused.

6. Which of these people could be liable under the Act?
   a. Someone who sells home-made cakes for charity at a school fete.
   b. Someone who gives a defective product as a present.
   c. Someone who hires out rollerskates.

7. Business ethics are basically different from personal ethics.
   a. True
   b. False
8. Utilitarianism suggests that it is ethical to make decisions based on:
   a. Common decency
   b. What is best for most people
   c. Moral virtues

9. Agency theory is the same as stakeholder theory.
   a. True
   b. False

10. A teleological approach to business ethics proposes that the guiding principle should be:
    a. Practice
    b. Purpose
    c. People
    d. Power

11. Which of the following are not major schools of thought?
    a. Duties
    b. Consequences
    c. Roles

12. Sternberg claims that taking a bribe is:
    a. A violation of human rights
    b. A violation of common decency
    c. A violation of distributive justice
    d. A violation of an individual’s right to privacy

13. Ethical behavior is not in the long-term interest of businesses.
    a. True
    b. False

14. Vance Packard’s book was entitled:
    a. The Hidden Persuaders
    b. The Hidden Protectors
    c. The Hidden Enforcers
    d. The Hidden Provocateurs
15. Extortion is an attempt to buy:
   a. Goodwill
   b. At a discount
   c. Influence
   d. Goods and services quickly

16. Distributive justice refers to:
   a. Rewards allocated to those who shout loudest
   b. Rewards allocated by level of contribution
   c. Rewards allocated to those who cannot help themselves
   d. Rewards allocated regardless of contribution

17. Marketing communications activities can be deemed 'ethically neutral', meaning that it depends on:
   a. Stated business aims
   b. Available finance
   c. How they are carried out
   d. Legal guidelines

18. Sugging' is the unacceptable practice of:
   a. Giving worthless guarantees
   b. Intrusive telesales calls
   c. Bribing organizational buyers
   d. Selling under the guise of research

19. Ethical business practice requires, above all else, an active awareness and consideration of the likely long-term consequence of any action.
   a. True
   b. False

20. Ethical behavior is a matter of:
   a. Obeying the rules
   b. Juggling standards and business needs
   c. Acting on a considered judgment
### Answers for Self Assessment Questions

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Self Assessment Questions

1. Foreign exchange is:
   a. The act of trading different nations’ monies.
   b. The holdings of foreign currency.
   c. The act of importing foreign goods and services.
   d. Both (a) and (b) are correct.

2. The……….. exchange rate is the price for “immediate” currency exchange.
   a. Current
   b. Forward
   c. Future
   d. Spot

3. The ……… exchange rate is the price set now for an exchange that will take place sometime in the future.
   a. Current
   b. Forward
   c. Future spot
   d. Spot

4. The foreign exchange market is:
   a. A single gathering place where traders shout buy and sell orders at each other.
   b. Located in New York.
   c. A grouping, by electronic means, of banks and traders who work at banks that conduct foreign exchange trades.
   d. Located in London.

5. ……… foreign exchange trading involves currency exchanges done between individuals and banks.
   a. Interbank
   b. Consumer
   c. Intra-bank
   d. Retail

6. The U.S. dollar is called a …… because it is often used as an intermediary to accomplish trading between two other currencies.
a. Vehicle currency  
b. Main currency  
c. Common currency  
d. Primary currency  


   a. Demand for; supply of  
   b. Supply of; demand for  
   c. Shortage of; demand for  
   d. Supply of; shortage of  

7. U.S. imports of goods and services will create a ..........foreign currency and a .......... U.S. dollars.

   a. Demand for; supply of  
   b. Supply of; demand for  
   c. Shortage of; demand for  
   d. Supply of; shortage of  


   a. Demand for; supply of  
   b. Supply of; demand for  
   c. Shortage of; demand for  
   d. Supply of; shortage of  

9. Under a fixed exchange rate system a fall in the market price (the exchange rate value) of a currency is called a(n) ............of that currency.

   a. Revaluation  
   b. Devaluation  
   c. Appreciation  
   d. Depreciation  

10. Exchange rates are equalized in different locations due to:

   a. Arbitrage.  
   b. Government intervention in foreign exchange markets.  
   c. Free trade in goods and services.  
   d. The actions of importers and exporters.
11. Other things equal, if American exports to Japan increase and American imports from Japan decrease, then under a floating exchange rate system, we would expect the dollar to:

   a. Weaken against the Japanese yen.
   b. Depreciate against the Japanese yen.
   c. Devalue against the Japanese yen.
   d. Strengthen against the Japanese yen.

12. A decrease in German residents’ willingness to invest in dollar-denominated assets will shift the demand curve for:

   a. Euros to the right.
   b. Euros to the left.
   c. Dollars to the right.
   d. Dollars to the left.

13. In a ........ exchange rate system the government or central bankers intervene to keep the exchange rate virtually steady.

   a. Fixed
   b. Market driven
   c. Floating
   d. Forward

14. Which of the following is a legitimate reason for international investment?

   a. Dividends from a foreign subsidiary are tax exempt in the United States.
   b. Most governments do not tax foreign corporations.
   c. There are possible benefits from international diversification.
   d. International investments have less political risk than domestic investments.

15. Interest-rate parity refers to the concept that, where market imperfections are few, the same goods must sell for the same price across countries.

   a. interest rates across countries will eventually be the same.
   b. there is an offsetting relationship between interest rate differentials and differentials
   c. in the forward spot exchange market.
   d. there is an offsetting relationship provided by costs and revenues in similar market environments.

16. The forward market is especially well-suited to offer hedging protection against translation
a. risk exposure.
b. transactions risk exposure.
c. political risk exposure.
d. taxation.

17. Suppose that the Japanese yen is selling at a forward discount in the forward-exchange market. This implies that most likely

a. this currency has low exchange-rate risk.
b. this currency is gaining strength in relation to the dollar.
c. interest rates are higher in Japan than in the United States.
d. interest rates are declining in Japan.

18. Following FASB Statement No. 52, gains or losses from currency translation are shown:

a. on the income statement as currency gains (or losses).
b. on the balance sheet as an adjustment to owners’ equity.
c. on the balance sheet as an adjustment to cash.
d. nowhere because gains or losses from currency changes need not be shown.

19. All of the following are hedges against exchange-rate risk EXCEPT

a. balancing monetary assets and liabilities.
b. use of spot market.
c. foreign-currency swaps.
d. adjustment of funds commitments between countries.

20. A multinational can centralize cash management and attempt to reduce exchange rate risk exposure through the use of

a. a rein voicing center.
b. a bill of lading.
c. a time draft.
d. countertrade.

Answers for Self Assessment Questions
1. (d) 2.(d) 3.(b) 4.(c) 5.(d)
6. (a) 7.(a) 8.(b) 9.(b) 10.(a)
11. (d) 12.(b) 13.(a) 14.(c) 15.(d)
16. (b) 17.(c) 18.(b) 19.(b) 20.(a)
Chapter-6 Culture

Self Assessment Questions

1. Which of the following is not a factor of some importance in helping to define the character of a company's corporate culture?
a. The core values and business principles that management preaches and practices
b. The company's internal politics
c. The company's approach to people management
d. The behaviors that define "how we do things around here"
e. The strategic vision that management has committed to achieving

2. Once a company's culture becomes ingrained, then one way to perpetuate the culture is by
   a. establishing a code of ethics and encouraging company personnel to practice the advocated ethical standards in conducting company operations.
   b. deliberately avoiding diversification or acquisition so as not to upset the internal cultural balance or risk a cultural clash with a newly-acquired company.
   c. continuing with the same organization structure.
   d. carefully screening and selecting new employees according to how well their values, attitudes, and personality fit the culture.

3. Which of the following is not particularly important in helping to perpetuate a company's culture?
   a. Systematic indoctrination of new employees in the culture's fundamentals
   b. Telling and retelling of company legends
   c. Continuing with the same strategy, core competencies, and competitive capabilities
   d. Constant management reiteration of core values and "the way we do things around here" in daily conversations and pronouncements

4. Companies with multinational operations or that have recently made new acquisitions typically have
   a. splintered cultures.
   b. multiple cultures or subcultures.
   c. weak cultures.
   d. adaptive cultures.

5. A culture grounded in values, practices, and behavioral norms that match the behaviors required for good strategy execution
   a. is a powerful ally in managerial efforts to execute the chosen strategy.
b. is a strong culture.
c. promotes strong employee efforts to identify and adopt new best practices.
d. has less need for strategy-supportive policies and procedures.

6. In strong culture companies, a tight strategy-culture alignment promotes management's strategy execution effort because

a. there’s a built-in system of informal rules and peer pressures conducive to good strategy execution.
b. no changes in organization structure will be needed and no new policies and procedures will have to be put in place.
c. the culture promotes the very kinds of work habits, behaviors, values, and practices needed for proficient strategy execution.
d. Both A and C.

7. Strong company cultures are preferable to weak company cultures because

a. in weak-culture companies there is less likelihood of a tight culture-strategy fit.
b. they tend to be more ethical and more reflective of the right kinds of values.
c. weak cultures are more likely to possess unhealthy cultural characteristics.
d. strong cultures are a potent ally in executing strategy provided the behavioral norms ingrained in a strong culture are well-matched to the behaviors needed for good strategy execution.

8. The characteristics of a strong culture company include

a. deeply rooted values and behavioral norms.
b. a strong managerial commitment to conducting the company’s business according to established traditions.
c. using core values and business principles as the basis for making decisions.
d. All of these.

9. Which one of the following is the most typical characteristic of a weak company culture?

a. A highly centralized managerial hierarchy and a big corporate bureaucracy
b. A low commitment to high ethical standards and behaving in a socially responsible manner

c. Few strong traditions and few values and behavioral norms that are widely shared

d. Low employee morale and considerable employee skepticism about the merits of the company's strategy

10. Adaptive cultures are characterized by such traits as

a. leaders who are more strongly committed to timeless business principles and the well-being of organizational stakeholders than to any specific business strategy or operating practice.

b. personnel who are receptive to risk-taking, experimentation, innovation, and changing to new strategies and operating practices whenever necessary to serve the legitimate interests of stakeholders.

c. a proactive approach to identifying issues, evaluating the implications and options, and implementing workable solutions and strong adherence to promoting people from within the company.

d. All of these.

11. A corporate culture founded on ethical business principles and socially approved values

a. virtually guarantees that the company will have a highly favorable public image and reputation.

b. has a favorable impact on a company's long-term strategic success.

c. does more to detract from a company's chances for strategic success and market leadership than to help it.

d. gives validity to a company's core values and helps ingrain them in the company's culture.

e. is generally viewed as irrelevant window dressing and a nice public relations gesture by both customers and suppliers.

12. Instilling and ingraining a company's values statement and code of ethics in company policies, practices, and actual conduct does not generally entail such actions as

a. promptly dismissing any employee who violates the ethics code or disavows company values.

b. requiring all employees to sign a statement annually certifying that they have complied with the company's code of ethics.
c. communicating the values and ethics code to all employees, explaining compliance procedures, and making the values statement and the code of ethics an integral part of employee training and educational programs.

d. the CEO openly and unequivocally endorsing the values and ethics code and leading the enforcement of ethical standards.

13. Exercising strategic leadership does not include which one of the following?

   a. Pushing corrective actions to improve strategy execution and achieve the targeted results
   b. Displaying ethical integrity and leading social responsibility initiatives
   c. Keeping the organization focused on operating excellence
   d. Steering resources into strategy-critical activities and making sure that policies and procedures are supportive of effective strategy execution

14. Managers who are successful in exercising good strategic leadership

   a. are wise decision-makers and very effective communicators.
   b. spend a lot of time coaching others how to be good company role models.
   c. typically practice MBWA and are good at deciding when corrective adjustments are needed and what corrective adjustments to make.
   d. are good at delegating authority and responsibility to subordinates.

15. The strategic leadership task of keeping the internal organization focused on operating excellence

   a. requires regularly reminding and exhorting employees to "be creative and come up with new ideas for improvement."
   b. requires forceful top management actions to implement benchmarking, TQM or Six Sigma programs, and continuous change efforts.
   c. usually requires supporting people who are eager for a chance to try turning their ideas into better ways of operating.
   d. making sure that would-be champions of change do not pursue maverick ideas that would be disruptive to the organization or troublesome to implement.
16. ".......... is the process and activities people engage in when searching for, selecting, purchasing, using, evaluating and disposing of products so as to satisfy their needs and desires.

   a. Attitude formation
   b. Customer relationship management (CRM)
   c. Integration
   d. Consumer behavior

17. What psychological process is most likely to occur when the consumer is at the information search stage of the consumer decision-making process?

   a. Motivation
   b. Perception
   c. attitude formation
   d. Integration

18. When Raymond noticed white flakes on his navy blue shirt, he decided he needed to buy some dandruff shampoo. The noticing of the flakes occurred during the .......... stage.

   a. problem recognition
   b. post purchase evaluation
   c. information search
   d. alternative evaluation

19. Which of the following statements about psychoanalytic theory is true?

   a. Psychoanalytic theory is used to determine when learning has occurred.
   b. Psychoanalytic theory uses very large samples for drawing conclusions.
   c. Psychoanalytic theory is very responsive to changes in the external environment.
   d. Psychoanalytic theory suggests consumers' motivations are often very complex.

20. External sources of information used in the consumer decision-making process include personal sources, commercial sources, public sources, and:

   a. personal experiences
   b. market-controlled sources
   c. industry experience
Answers for Self Assessment Questions

1. (e)    2.(d)    3.(c)    4.(b)    5.(a)
6. (d)    7.(d)    8.(d)    9.(c)    10.(d)
11. (b)   12.(a)   13.(d)   14.(c)   15.(c)
16. (d)   17.(b)   18.(a)   19.(d)   20.(a)

Chapter-7 Assumption of the Theory

Self Assessment Questions
1. What are the two ways that a company can obtain new products?
   a. service development and product extension
   b. new-product development and acquisition
   c. market mix modification and research and development
   d. line extension and brand management

2. Which of the following is not a potential cause of the failure of a new product?
   a. higher than anticipated costs of product development
   b. an underestimated market size
   c. an incorrectly positioned product
   d. a poorly designed product

3. The creation of a successful new product depends on a company’s understanding of its .....
   and its ability to deliver ............ to customers.
   a. customers, brands, products; product images
   b. competitors, distributors, and employees; new styles
   c. product life cycle, legal responsibilities, and social responsibilities; innovations
   d. customers, competitors, and markets; superior value

4. Executives, manufacturing employees, and salespeople are all examples of ............
   a. internal sources for new-product ideas
   b. core members of innovation management systems
   c. external sources for new-product ideas
   d. research and development team members

5. Which of the following is perhaps the most important external source of new-product ideas?
   a. competitors
   b. customers
   c. trade magazines, shows, and seminars
   d. engineers

6. Your firm wants to use external sources for new product ideas. After consulting with a friend you learn that all of the following are common external sources except ..............
   a. the firm’s executives
   b. competitors
   c. customers
d. suppliers

7. A detailed version of a new idea stated in meaningful customer terms is called a .................
   
   a. product proposal  
   b. product idea  
   c. product movement  
   d. product concept

8. An attractive idea must be developed into a ......................
   
   a. product concept  
   b. test market  
   c. product image  
   d. product strategy

9. In the concept testing stage of new-product development, a product concept in ............... form is presented to groups of target consumers.
   
   a. market-tested  
   b. final  
   c. prototype  
   d. physical or symbolic

10. After concept testing, a firm would engage in which stage in developing and marketing a new product?
    
    a. product development  
    b. test marketing  
    c. marketing strategy development  
    d. business analysis

11. The second part of the marketing strategy statement outlines the product's planned price, distribution, and ........... for the first year.
    
    a. target market  
    b. advertising  
    c. promotion  
    d. marketing budget
12. During which stage of new-product development is management most likely to estimate minimum and maximum sales to assess the range of risk in launching a new product?
   a. concept testing
   b. product development
   c. business analysis
   d. test marketing

13. In the ............stage of new-product development, products often undergo rigorous tests to make sure that they perform safely and effectively or that consumers will find value in them.
   a. product development
   b. marketing mix
   c. business analysis
   d. concept development and testing

14. Under what circumstances might it be wise for a company to do little or no test marketing?
   a. When the product has no substitutes and is new in its category.
   b. When management is not sure of the product.
   c. When a new product requires a major investment.
   d. When the costs of developing and introducing the product are low.

15. The major purpose of test marketing is to provide management with the information needed to make a final decision about ________.
   a. whether to launch the new product
   b. which market to compete in
   c. how long to compete in the market
   d. how to compete in the market

16. Which of the following costs is most likely associated with the commercialization stage of new-product development?
   a. building or renting a manufacturing facility
   b. identifying target markets
   c. developing a prototype of the product
   d. determining the product's planned price, distribution, and marketing budget

17. Which of the following is necessary for successful new-product development?
   a. a market pioneer mindset and a holistic approach
b. an innovation management system and sequential product development  
c. a customer-centered, team-based, systematic approach  
d. a team-based, innovation-management approach

18. .................. is a new-product development approach in which one company department works to complete its stage of the process before passing the new product along to the next department and stage.

a. Product life-cycle analysis  
b. Simultaneous product development  
c. Sequential product development  
d. Team-based product development

19. The team-based new-product development approach is faster because departments work closely together through..................

a. the help of a consultant  
b. a step-by-step process  
c. departmentalization  
d. cross-functional teams

20. Which of the following is a disadvantage of a team-based approach to new-product development?

a. Levels of risk can be more easily controlled.  
b. Organizational confusion and tension can be a part of the process.  
c. It takes longer to get the right products to market.  
d. The process does not work with the shorter life cycles of many of today’s products.

Answers for Self Assessment Questions
1. (b)  2. (b)  3. (d)  4. (c)  5. (b)  
6. (a)  7. (d)  8. (a)  9. (d)  10. (c)  
11. (d)  12. (c)  13. (a)  14. (d)  15. (a)  
16. (a)  17. (c)  18. (c)  19. (d)  20. (b)

Chapter-8 International Trade
Self Assessment Questions

1. Which of the following do not represent part of the Portuguese model for interaction with the Africans?
   a. refusal to accept alliances with African rulers
   b. predominance of military relations
   c. a system of fortified trading stations and factories
   d. a strong missionary effort

2. Which of the following statements about slavery in Europe before 1450 is most accurate?
   a. Slavery was common to Europe in all eras prior to 1450, although it tended to become a dominant social institution during the Middle Ages.
   b. Slavery had been extensive in the ancient world, but had died out during the Middle Ages in all regions of the West.
   c. Slavery as an institution was healthy and prosperous.
   d. Europe had never had a tradition of slavery.
   e. Slavery had died out during the Middle Ages in most of Europe except along the military frontier between Christians and Muslims in the Mediterranean.

3. How did the Portuguese method of obtaining slaves change in the fifteenth century?
   a. As a result of reaching the Indian Ocean, the Portuguese were able to obtain slaves from the already established Muslim sources.
   b. After initial raids, the Portuguese discovered that trade was a more secure and profitable way to get slaves.
   c. The Portuguese began to utilize the trans-Saharan trade routed to extract slaves from sub-Saharan Africa.
   d. None of the answers are correct.

4. Aside from Brazil, the region of the New World that received the most slaves was
   a. Chile.
   b. the plantation islands of the Caribbean.
   c. the British colonies of the southern Atlantic.
   d. Mexico.

5. What was the demographic impact of the slave trade on Africa?
   a. Population in Africa seems to have grown at a higher than average rate.
b. Besides a reduction in overall population, there was no real effect of the slave trade on Africa as a whole.

c. As a result of the slave trade, the population of Africa was only one-third of what it would have been without the export of men and women.

d. The slave trade had the impact of skewing the population of central Africa in favor of a disproportional number of women.

6. The British controlled their share of the Atlantic slave trade through the

   b. Dutch brokers.
   c. royal navy.
   d. East India Company.

7. What was the impact of the slave trade on Europeans sent to Africa?

   a. Europeans rapidly were dispersed throughout the African nations of the interior, frequently intermarrying with the native population.
   b. Almost every European that visited Africa came back home wealthy.
   c. Most died of tropical diseases.
   d. Europeans established wealthy colonies that expanded through the nineteenth century.

8. Which of the following was not part of the system of "triangular trade"?

   a. shipment of North American manufactured products to the Caribbean
   b. exportation of European manufactured goods to Africa
   c. shipment of slaves to the Americas
   d. transport of plantation products to Europe

9. Where did most of the centralizing states of central and western Africa form in response to the Atlantic slave trade?

   a. None of the answers are correct
   b. along the coast near the European trade forts
   c. near the Swahili trade cities
   d. in the interior, along lines of trade to the trade forts, but outside European zones of influence

10. Which of the following was not a large African state that developed during the period of the Atlantic slave trade?
11. In what area of Africa was a plantation economy based on slave labor established?

a. the savanna  
b. the Sahara  
c. the Gold Coast  
d. the coastal region of East Africa

12. The "Middle Passage" referred to

a. the journey from captivity to the coastline of Africa.  
b. the sale of slaves in the Americas and subsequent transportation to plantations.  
c. the voyage from Africa across the Atlantic to the Americas.  
d. the overland trek across Panama to the Pacific.

13. How were the British colonies of the southern Atlantic coast of North America different from the Latin American colonies?

a. The British colonies depended less on imported Africans because of the positive rate of growth among the slaves.  
b. There was no slavery there.  
c. Britain had no colonies on the southern Atlantic coast of America.  
d. Manumission of slaves tended to be more common in the British colonies.

14. Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction.

a. True  
b. False

15. ..................the difference between income receipts on assets of a country owned abroad and income payments on foreign-owned assets in that country.

a. Merchandise Trade Balance  
b. Net Investment Income  
c. Net Unilateral Transfers  
d. None of these
16. …………is now recognized as an important driver of growth in the country.
   a. Automatic Route
   b. Existing Companies
   c. Foreign Direct Investment (FDI)
   d. None of these

17. Foreign investment for trading cannot be approved through the automatic route up to 51% foreign equity, and beyond this by the Government through FIPB.
   a. True
   b. False

18. …………. is treated as foreign direct investment. Proposals are processed either through the automatic route or FIPB
   a. preference shares
   b. Automatic Route
   c. Existing Companies
   d. None of these

19. …………. approval for such foreign technology agreements should be submitted in Form FT (RBI) with the concerned Regional Offices of Reserve Bank of India.
   a. Meetings of FIIA
   b. Applications for automatic
   c. Regional Meetings of FIIA
   d. Specific Countries

20. Foreign Investment Implementation Authority has emerged as an effective problem solving platform for the foreign investors.
   a. True
   b. False

Answers for Self Assessment Questions
1. (a)  2.(e)  3.(b)  4.(b)  5.(d)
Chapter-9 the Global Monetary System

Self Assessment Questions
1. This World Bank affiliate was developed to encourage direct investment in developing countries by offering private investors insurance against noncommercial risks.

   a. International Development Association
   b. Multilateral Guarantee Agency
   c. Multinational Development Association
   d. International Finance Corporation

2. What does par value refer to?

   a. The value of one currency to another
   b. The price of gold
   c. The amount countries deposit in the International Monetary Fund to belong
   d. A currency’s value that is determined by the forces of supply and demand

3. What is the term used to describe when supply and demand for a currency determines its price on the world market?

   a. Floating exchange rate system
   b. Crawling pegs
   c. Adjustable peg
   d. Managed float

4. The International Monetary Fund was developed to oversee the functioning of the international monetary system out of which international meeting?

   a. Bretton Woods Agreement
   b. Louvre Accord
   c. Smithsonian Conference
   d. Jamaica Agreement

5. A country’s membership quota for the International Monetary Fund must be made in which forms of deposit.

   a. Silver and gold
6. The BOP official reserves comprise these 4 types of assets.

   a. Silver, reserve positions at the IMF, gold, SDRs
   b. Silver, convertible currencies, gold, SDRs
   c. Reserve positions at the IMF, silver, SDRs, convertible currencies
   d. Gold, convertible currencies, SDRs, reserve positions at the IMF

7. The BOP capital account records capital transactions among countries and includes which of the following?

   a. Portfolio investments and foreign direct investments
   b. Unilateral transfers and currency values
   c. Capital investments and financial reserves
   d. FDIs and financial reserves

8. What are convertible currencies?

   a. Currencies that can be freely exchanged for gold
   b. Currencies that can be freely exchanged for silver
   c. Determines IMF voting power
   d. Currencies that can be freely exchanged for other currencies without legal restrictions.

9. BOP current accounts record these 4 types of transactions.

   a. Unilateral transfers, currency exchanges, investment income, imports of goods and services
   b. Currency exchanges, imports of goods and services, unilateral transfers, export of goods and services,
c. Export of goods and services, imports of goods and services, investment income, unilateral transfers
d. Unilateral transfers, currency exchanges, export of goods and services, investment income

10. This World Bank affiliate offers soft loans for a small fee.
   a. International Finance Corp
   b. Multilateral Investment Guarantee Agency
   c. International Investment Guarantee Agency
   d. International Development Association

11. The Balance of Payments accounting system is divided into which 4 accounts?
   a. Quota, capital, errors and omissions, currency
   b. Quota, errors and omissions, official reserves, current
   c. Current, capital, official reserves, errors and omissions
   d. Capital, official reserves, current, quota

12. The special drawing rights’ value is calculated daily as a weighted average of the market value of which four currencies?
   a. US dollar, European euro, British pound-sterling, Japanese yen
   b. European euro, US dollar, Japanese yen, Chinese yuan
   c. Chinese yuan, European euro, British pound-sterling, US dollar
   d. British pound-sterling, Japanese yen, European euro, Chinese yuan

13. This World Bank affiliate provides debt and equity capital for promising commercial activities in developing countries.
   a. International Financial Corporation
   b. International Development Association
   c. Multilateral Investment Guarantee Agency
   d. Multinational Investment Association
14. This is the official name of the World Bank.
   a. The International Finance Corporation
   b. International Development Association
   c. International Bank for Reconstruction and Development
   d. Multilateral Investment Guarantee Agency

15. What caused the International Debt Crisis?
   a. The OPEC Oil Embargo
   b. World War II
   c. Asian currency collapse
   d. The Great Depression

16. In 1971 the U.S. abandoned the gold standard because the __________.
   a. U.S. dominated the global economy.
   b. U.S. dollar was no longer convertible.
   c. U.S. dollar experienced devaluation.
   d. dollar was no longer worth 1/35th of an ounce of gold.

17. Hard currency is
   a. money that can be readily converted to leading world currencies.
   b. money with a fixed exchange rate.
   c. backed by a gold standard.
   d. petrodollars.

18. The state in which an MNC has its headquarters is called the
   a. source country.
   b. host country.
   c. incorporated country.
19. When governments intervene to manage otherwise free-floating exchange rates, it is known as
   a. hyperinflation.
   b. fixed-float.
   c. managed float.
   d. devaluation.

20. Between World War II and the 1970s, what type of exchange rates existed in the international economic system?
   a. Unregulated
   b. Fixed
   c. Floating
   d. Floating but managed

Answers for Self Assessment Questions
1. (b)   2.(b)   3.(a)   4.(a)   5.(c)
6. (d)   7.(a)   8.(d)   9.(c)   10.(d)
11. (c)  12.(a)  13.(a)  14.(c)  15.(a)
16. (d)  17.(a)  18.(d)  19.(c)  20.(b)

Chapter-10 the Strategy of International Business

Self Assessment Questions
1. Business-to-consumer companies are more likely to emphasize a ........ promotion strategy, while business-to-business companies are more likely to emphasize a ........... promotion strategy.
   a. Push; pull
   b. Pulse; pull
   c. Continuity; pulse
   d. Pull; push

2. Amos Zook, an Amish farmer, sells organically grown produce. Often he will trade some of his produce for dairy goods produced by other Amish farmers. The sum of the values that others exchange is called ............
   a. Penetration price
   b. Price
   c. Cost-plus price
   d. Dynamic price

3. Tasoula Jeannopoulos has a limited budget for the market research she needs to conduct; however, the sample size for her research is quite large. Which of the following methods of contact would provide Tasoula with the most cost-effective way to reach a large sample of potential customers?
   a. Telephone surveys
   b. Mail surveys
   c. Focus group interviews
   d. Internet surveys

4. Which of the following is a reason that a marketer would choose a penetration pricing strategy?
   a. To focus on the rapid achievement of profit objectives
   b. To discourage competition from entering the market
   c. To create markets for highly technical products
   d. To ensure the company has the ability to increase prices once demand decreases

5. Manufacturers must comply with specific laws regarding ............
   a. Product harvesting
   b. Profit margins
c. Distribution channel length

d. Product quality and safety

6. Using integrated marketing communications, the communications process should start with

  a. An advertising strategy
  b. Publicity
  c. Public relations
  d. An audit of all potential customer touch points

7. Monica Carey is a conscientious marketing manager. Sometimes it is unclear what decisions to make when she and her staff are faced with moral dilemmas. Monica and other managers could create broad guidelines that everyone in the organization must follow in the form of

  a. A company value statement
  b. A company mission statement
  c. A company vision statement
  d. Corporate marketing ethics policies

8. Which of the following best explains why direct-response television commercials have seen an increase in popularity in recent years?

  a. The popularity of home shopping channels has lent direct-response commercials more credibility
  b. It is has become simpler to replicate the success of classic direct-response TV ads that introduced items such as the Veg-O-Matic and the Beef Jerky Machine
  c. Return on advertising investment can be easily measured
  d. Consumers are more likely to respond to this type of marketing than to other forms of direct marketing

9. ............ calls for testing new-product concepts with groups of target consumers.

  a. Idea screening
  b. Test marketing
  c. Concept development
  d. Concept testi

10. Most international advertisers develop global ........ for the sake of efficiency, but they adapt their advertising ........ to make them responsive to local market needs and expectations.
a. Campaigns; objectives  
b. Strategies; programs  
c. Programs; strategies  
d. Strategies; objectives

11. The set of marketing tools a firm uses to implement its marketing strategy is called the ...........

   a. Marketing mix  
   b. Promotion mix  
   c. Product mix  
   d. TQM

12. A brand difference is worth establishing and promoting to the extent that it satisfies all of the criteria below except which one?

   a. Affordable  
   b. Important  
   c. Noticeable  
   d. Divisible

13. Ring-tone giveaways, mobile games, and text-in contests are all examples of ....... marketing.

   a. Vodcast  
   b. Mobile phone  
   c. Online  
   d. Kiosk

14. Demand for outboard motors depends on consumers purchasing fishing boats. This is an example of ................. demand.

   a. Joint  
   b. Fluctuating  
   c. Leisure  
   d. Derived

15. Deceptive practices fall into three groups: deceptive ...............; deceptive ...............; and deceptive ............... 

   a. Product; pricing; distribution  
   b. Pricing; promotion; placement
c. Pricing; promotion; packaging  
d. Product; distribution; packaging

16. Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. ............ should appear in the center of her diagram depicting marketing strategies and the marketing mix.

a. Competitors  
b. Customer value and relationships  
c. Customer retention rates  
d. Sales goals

17. Caterpillar, the famous heavy equipment manufacturer, has a reputation for working in harmony with its worldwide distribution network of independent dealers. Caterpillar has shared its successes with its dealers and protected its dealers during difficult economic times. This is an example of ................

a. 3PL  
b. Integrated logistics management  
c. Intensive distribution  
d. Disintermediation

18. The natural resources that are needed as inputs by marketers or that are affected by marketing activities are referred to as the ................

a. Raw material market  
b. Endangered environment  
c. Factors of production  
d. Natural environment

19. The marketing concept holds that achieving organizational goals depends on

a. Knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do in a national and international market  
b. Finding the right customers for your products in both national and international markets  
c. Achieving organizational profits from make and sell philosophy  
d. Servicing only past customers from national markets
20. High local responsiveness is required if an MNE attempts to maintain a strong and sustainable competitive position in a host country.

   a. True
   b. False

Answers for Self Assessment Questions
1. (d)  2.(b)  3.(d)  4.(b)  5.(d)
6. (b)  7.(d)  8.(d)  9.(d)  10.(b)
11. (a) 12.(d)  13.(b)  14.(d)  15.(c)
16. (c) 17.(c)  18.(d)  19.(a)  20.(a)