Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweeney

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

1 Identify and briefly describe how the six different types of international legal systems differ.

Answer:

2 If Firm X plans to export a controlled product to Firm Y with the knowledge that Firm Y will then send the product to Firm Z, Firm X is engaging in

(A) diversion.

(B) expropriation.

(C) sanctions.

(D) confiscation.

(E) third-party exports.

Answer: (A) diversion.

Feedback: External economic relations as risk factors.

3 The President can direct the Department of Commerce to add a country to an embargo list based on

(A) the extent to which the country's actions affect US national security.

(B) the country's current/future relations with the US or its allies.

(C) whether the country is or is not communist.

(D) the country's nuclear, chemical, and biological weapons policy and degree of compliance with the work agreement on these weapons.

(E) all of these.

Answer: (E) all of these.

Feedback: External economic relations as risk factors.

4 Sanctions

(A) are the use of an export license to provide materials to a third party not included on the license.

(B) are an all-out prohibition of trade with another country.

(C) are sets of specific restraints involving trade that can take many different forms.

(D) are multilateral efforts to restrict imports and exports to and from a country.

(E) are none of these.

Answer: (C) are sets of specific restraints involving trade that can take many different forms.

Feedback: External economic relations as risk factors.

5 Which of the following is not an example of export controls?

(A) sanctions.

(B) tariff.

(C) embargoes.

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

(D) boycott.

(E) all of these are export controls.

Answer: (B) tariff.

Feedback: External economic relations as risk factors.

6 A fee paid by an exporter to the country of import is

(A) a tariff.

(B) a tax.

(C) an import limitation.

(D) an export control.

(E) a trade barrier.

Answer: (A) a tariff.

Feedback: External economic relations as risk factors.

7 Which of the following is not an example of domestic economic risk?

(A) size of population.

(B) per capita income.

(C) import restrictions.

(D) availability of high-quality labor force.

(E) availability of energy resources.

Answer: (C) import restrictions.

Feedback: Domestic economic conditions as risk factors

8 A collaborative effort among countries to prohibit trade with another nation is called a

(A) boycott

(B) embargo

(C) control list

(D) multilateral export control.

(E) confiscation.

Answer: (A) boycott

Feedback: External economic relations

9 Country X just passed legislation making it more difficult to meet emission standards for clean air. Firm Z has a plant located there that cannot meet the new standard. Firm Z is facing

(A) political environment risk.

(B) domestic economic conditions risk.

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

(C) economic environment risk.

(D) external economic relations risk.

(E) all of these.

Answer: (B) domestic economic conditions risk.

Feedback: Domestic economic conditions as risk factors

10 Which of the following is not an example of a domestic economic condition risk factor?

(A) size of population.

(B) economic growth.

(C) degree of infrastructure development.

(D) protections for brands, trademarks.

(E) inflation.

Answer: (D) protections for brands, trademarks.

Feedback: Domestic economic conditions as risk factors

11 If a foreign copper mining company is taken over by a government and is offered little or no compensation for loss of property, it is called

(A) government intervention.

(B) foul play.

(C) confiscation.

(D) expropriate.

(E) nationalization.

Answer: (C) confiscation.

Feedback: Political environment risk

12 Nationalization is

(A) a form of political/economic environment risk that can occur if a government forces the transfer of a firm's ownership from private to the state.

(B) generally associated with a large amount of compensation by a government to a firm.

(C) a principle that states no nation has the right to judge or challenge the internal actions of another state, provided that state has proceeded justly.

(D) discrimination against foreign firms.

(E) associated with governmental compensation for loss as a result of privatization.

Answer: (A) a form of political/economic environment risk that can occur if a government forces the transfer of a firm's ownership from private to the state.

Feedback: Political environment risk

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

13 If a company wishes to enter a market in which the government has changed several times in the last two years, it will need to evaluate its risk associated with the

(A) external economic relations.

(B) internal economic relations.

(C) domestic economic conditions.

(D) political/economic environment.

(E) legal system.

Answer: (D) political/economic environment.

14 One system of categorizing risk divides it into these three main areas:

(A) political environment, domestic conditions, and external cultural relations.

(B) economic environment, domestic cultural conditions, and external financial relations.

(C) political/economic environment, domestic economic conditions, and external economic relations.

(D) political and economic environment, and domestic economic conditions.

(E) none of these.

Answer: (C) political/economic environment, domestic economic conditions, and external economic relations.

Feedback: types of political risk

15 The government compensating a company after nationalizing its assets is called

(A) soverign immunity

(B) sanctions

(C) expropriation

(D) jurisdiction

(E) nationalization

Answer: (C) expropriation

Feedback: Domestic economic conditions as risk factors

16 An agreement on the international transport of hazardous wastes is called

(A) NAFTA

(B) Basel Convention

(C) embargo

(D) GATT

(E) Foreign Assets Control

Answer: (B) Basel Convention

Feedback: What is political risk?

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

17 US firms that refuse to sell to Israel because of the Arab League boycott against that country

(A) are not breaking US anti-boycott laws.

(B) are breaking US anti-boycott laws.

(C) can continue to sell to Arab countries.

(D) are free to do so as long as they don't encourage others to do it.

(E) should always inform the government before doing so.

Answer: (B) are breaking US anti-boycott laws.

Feedback: External economic relations as risk factors.

18 One of the biggest external risks that companies face is

(A) availability of energy resources.

(B) inflation.

(C) openness of capital markets.

(D) the stabiity of the political system.

(E) legal protection for their products and trademarks.

Answer: (E) legal protection for their products and trademarks.

Feedback: Protection for Trademarks and Other Intellectual Property

19 A firm may decide to take on the risk of patent infringement in Country X because

(A) the government of the country promises to do better at enforcing its laws.

(B) the market potential outweighs the risk.

(C) market share in the home country is declining.

(D) the home country can provide patent protection for its firms in other countries.

(E) all of these.

Answer: (B) the market potential outweighs the risk.

Feedback: Protection for Trademarks and Other Intellectual Property

20 What has been the impact of the World Trade Organization on the global economy, positively and negatively?

Answer:

21 How can firms manage the problems resulting from counterfeit goods and piracy? What are some of the steps that firms have taken to mitigate the negative impact?

Answer:

22 Define two export controls and the advantages and disadvantages of imposing them.

Answer:

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

23 Discuss the implications of Islamic law on U.S. companies doing business in the Middle East.

Answer:

24 Explain the differences between civil and common law.

Answer:

25 Discuss the risks associated with intellectual property rights violations and how this impacts a company's competitive advantage.

Answer:

26 Discuss the three requirements that are generally necessary to meet the "just action" criteria for action under sovereign immunity.

Answer:

27 Discuss some of the ways that political risk can be managed, reduced, or avoided altogether.

Answer:

28 Which of the following countries has the highest software piracy rate?

(A) China.

(B) New Zealand.

(C) Pakistan.

(D) Taiwan.

(E) Georgia.

Answer: (E) Georgia.

Feedback: Figure 2.5

29 Which country has neary 40 percent of the world's lawyers?

(A) Japan.

(B) Iraq.

(C) the UK.

(D) Singapore.

(E) the US.

Answer: (E) the US.

Feedback: Figure 2.2

30 Defensive risk strategy is

(A) a risk-reduction strategy that keeps some key aspects of company operations or other assets out of the reach of the risk factor.

(B) a risk-reduction strategy in which a company tries to establish close ties to the risky country.

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

(C) a trilateral trade agreement between the US, Canada, and Mexico that reduces or eliminates tariff, quota, and ownership barriers to trade.

(D) a risk-reduction strategy that attempts to eal with the problem in a roundabout way

(E) a risk-reduction strategy that attempts to deal with the problem on in a direct way.

Answer: (A) a risk-reduction strategy that keeps some key aspects of company operations or other assets out of the reach of the risk factor.

Feedback: examples of risk reduction

31 Starbucks' first approach to protecting its trademark in China is an example of a _____ risk strategy.

(A) trade agreement.

(B) direct/linking.

(C) indirect/linking.

(D) direct/defensive.

(E) indirect/defensive.

Answer: (D) direct/defensive.

Feedback: examples of risk reduction

32 Firm A opens a plant in a small town north of Santiago, Chile. The residents of the town were not happy about the firm's decision to locate there due to noise pollution. Firm A decides to work with the municipal government to install computers in all the local school classrooms. The firm is using a(n) _____ risk-reduction strategy.

(A) indirect, defensive/reactive.

(B) direct, defensive/reactive.

(C) indirect/linking.

(D) direct/defensive.

(E) indirect/defensive.

Answer: (D) direct/defensive.

Feedback: Categorizing risk reduction

33 An example of a defensive/reactive approach to managing risk would be

(A) legal action.

(B) lobbying of foreign governments.

(C) joint ventures.

(D) promoting host goals.

(E) long-term trade agreements.

Answer: (A) legal action.

Feedback: Categorizing risk reduction

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

34 Quantifying risk of a country allows companies to

(A) determine whether to enter a market.

(B) decide what to do with existing operations.

(C) put together a more comprehensive international strategy.

(D) influence or manage the risk.

(E) do all of these.

Answer: (E) do all of these.

Feedback: Managing or dealing with political risk

35 The actions by groups of people or governments that have the potential to affect the immediate and/or long-term viability of a firm is called

(A) economic interaction

(B) culture

(C) political risk

(D) social action

(E) direct risk

Answer: (C) political risk

Feedback: What is political risk?

36 The WTO is sometimes criticied for

(A) being too slow and indecisive.

(B) reacting too hastily.

(C) favoring the developing world.

(D) allowing small countries more power.

(E) all of these are criticisms.

Answer: (A) being too slow and indecisive.

Feedback: GATT/WTO

37 Juan is thinking about marketing his product in China. He should be concerned about protecting his product's intellectual property, but not the brand name.

(A) True

(B) False

Answer: (B) False

Feedback: Protection for Trademarks and Other Intellectual Property

38 The US has nearly 40 percent of all the world's lawyers.

(A) True

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Swee

(B) False

Answer: (A) True

Feedback: Impact of Code and Common Law Systems

39 A linking/merging risk-reduction strategy usually entails methods by which a firm tries to get closer to the risky country, perhaps even making itself indispensable to the local economy.

(A) True

(B) False

Answer: (A) True

Feedback: Categorizing Risk Reduction

40 In general, research shows that the presence of laws protecting intellectual property rights has a positive impact on foreign direct investment

(A) True

(B) False

Answer: (A) True

Feedback: Protection for Trademarks and Other Intellectual Property

41 There is an increasing trend for real products—not knock-offs—to be in competition in the marketplace

(A) True

(B) False

Answer: (A) True

Feedback: Protection for Trademarks and Other Intellectual Property

42 All export license applications are strictly verified for accuracy and legitimacy.

(A) True

(B) False

Answer: (B) False

Feedback: External Economic Relations as Risk Factors

43 An analysis of the nearly 50 different uses of sanctions and embargoes to achieve political goals from 1970 to 1983 showed that most were successful.

(A) True

(B) False

Answer: (B) False

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

Feedback: External Economic Relations as Risk Factors

44 Industries that are capital intensive and based on indigenous resources such as crude oil production and steel were most susceptible to nationalization.

(A) True

(B) False

Answer: (A) True

Feedback: Political environment risk

45 In general, there is a tendency for common law countries to have relatively few lawyers, whereas civil law countries have a relatively high number.

(A) True

(B) False

Answer: (B) False

Feedback: Impact of Code and Common Law Systems

46 In addition to France and Germany, the Czech Republic, Greece, Indonesia, Japan, Turkey, and many South American and African countries use the common law system.

(A) True

(B) False

Answer: (B) False

Feedback: Common Law

47 The President doe not have any discretion to enact an embargo on Pakistan or India if they threatened nuclear attacks on the U.S.

(A) True

(B) False

Answer: (B) False

Feedback: External Economic Relations as Risk Factors

48 The legal system of a country affects and is affected by the political situation in that country.

(A) True

(B) False

Answer: (A) True

Feedback: Legal Enviroment of International Management

49 One of the biggest external risks that companies face is the lack of legal protection of their products and trademarks in a foreign country.

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

(A) True

(B) False

Answer: (A) True

Feedback: Protection for Trademarks and Intellectual Property

50 Once it becomes a member, a nation is required to make its tariff and other business laws consistent (""harmonize"") with WTO guidelines.

(A) True

(B) False

Answer: (A) True

Feedback: GATT/WTO

51 Civil law uses previous cases or precedents to resolve disputes.

(A) True

(B) False

Answer: (B) False

Feedback: Civil law

52 Bill is thinking about entering a new foreign market. It is not important for him to consider the extent of export controls as a risk factor.

(A) True

(B) False

Answer: (B) False

Feedback: External Economic Relations as Risk Factors

53 An example of political economic environment risk would be the possibility of internal conflicts.

(A) True

(B) False

Answer: (A) True

Feedback: External Economic Relations as Risk Factors

54 Some U.S. banks have developed creative financing arrangements in order to comply with Islamic law's interest restrictions.

(A) True

(B) False

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

Answer: (A) True

Feedback: Islamic law

55 _____ was the forerunner of the World Trade Organization

(A) Maastricht Treaty.

(B) most favored nation.

(C) the General Agreement on Tariffs and Trade.

(D) NAFTA.

(E) the UN.

Answer: (C) the General Agreement on Tariffs and Trade.

Feedback: GATT/WTO

56 Which legal system prohibits the collection of interest on loans?

(A) Sub-Saharan

(B) Islamic

(C) Asian

(D) Communist

(E) Civil

Answer: (B) Islamic

Feedback: Islamic law

57 When a country becomes a member of the WTO, then it must

(A) develop new tariff guidelines

(B) comply with over 60 agreements

(C) begin thinking about intellectual property rights

(D) increase its tariffs

(E) agree to avoid all trade disputes

Answer: (B) comply with over 60 agreements

Feedback: GATT/WTO

58 In relative terms, which legal sytem is more consistent in its rulings?

(A) Asian

(B) civil

(C) code

(D) common

(E) Socialist law

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

Answer: (D) common

Feedback: legal systems across the globe

59 In which of the following countries is common law not practiced?

(A) Canada
(B) The US
(C) France
(D) Ireland
(E) the UK

Answer: (C) France

Feedback: legal systems across the globe

60 Civil law is also referred to as

(A) traditional law
(B) code law
(C) common law
(D) regulations law
(E) socialist law

Answer: (B) code law

Feedback: legal systems across the globe

61 Which of the following legal systems provides minimal rights

(A) civil law
(B) common law
(C) islamic law
(D) communist law
(E) world law

Answer: (D) communist law

Feedback: Figure 2.1

62 The two most common types of legal systems are:

(A) civil and common
(B) civil and Islamic
(C) common and Islamic
(D) communist and civil
(E) code and civil

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

Answer: (A) civil and common

Feedback: legal systems across the globe

63 The following characteristics, community-oriented, custom-based, and group-based outcomes, are typical of which legal system?

(A) civil law

(B) common law

(C) islamic law

(D) sub-Saharan law

(E) Asian law

Answer: (D) sub-Saharan law

Feedback: Figure 2.1

64 A firm may decide to take on the risk of patent infringement in Country X because

(A) the government of the country promises to do better at enforcing its laws.

(B) the market potential outweighs the risk.

(C) market share in the home country is declining.

(D) the home country can provide patent protection for its firms in other countries.

(E) all of these.

Answer: (B) the market potential outweighs the risk.

Feedback: Protection for Trademarks and Other Intellectual Property

65 Which of the following is not an example of a domestic economic condition risk factor?

(A) size of population.

(B) economic growth.

(C) degree of infrastructure development.

(D) protections for brands, trademarks.

(E) inflation.

Answer: (D) protections for brands, trademarks.

Feedback: Domestic economic conditions as risk factors

66 One system of categorizing risk divides it into these three main areas:

(A) political environment, domestic conditions, and external cultural relations.

(B) economic environment, domestic cultural conditions, and external financial relations.

(C) political/economic environment, domestic economic conditions, and external economic relations.

(D) political and economic environment, and domestic economic conditions.

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

(E) none of these.

Answer: (C) political/economic environment, domestic economic conditions, and external economic relations.

Feedback: types of political risk

67 The government compensating a company after nationalizing its assets is called

(A) soverign immunity

(B) sanctions

(C) expropriation

(D) jurisdiction

(E) nationalization

Answer: (C) expropriation

Feedback: Domestic economic conditions as risk factors

68 Which of the following is not an example of a domestic economic condition risk factor?

(A) size of population.

(B) economic growth.

(C) degree of infrastructure development.

(D) protections for brands, trademarks.

(E) inflation.

Answer: (D) protections for brands, trademarks.

Feedback: Domestic economic conditions as risk factors

69 Which of the following is important for a company to take advantage of opportunites in the glboal market place?

(A) local networks.

(B) dominance in the home market.

(C) supportive corporate culture.

(D) backing of state and local government.

(E) all of these.

Answer: (C) supportive corporate culture.

Feedback: p.6

70 Political concerns have no affect legal issues.

(A) True

(B) False

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer

Answer: (B) False

Feedback: Legal Enviroment of International Management

cess Complete Test Bank for International Management - Strategic Opportunities and Cultural Challenges 5th Sweer