Test Bank for Global Business Management v2 1st Dunung

Chapter 1: Introduction to Global Business Management

MULTIPLE CHOICE

1. Which of the following best defines globalization?
   a. Expansion and proliferation of international firms.
   b. Cross-border exchange of only goods and services.
   c. Movement towards a more interdependent and integrated global economy.
   d. Growth of enterprises engaged in commerce for the purpose of generating profit.
   ANS: C DIF: Moderate REF: Section 1.1

2. Which of the following best defines international business?
   a. Growth of service enterprises engaged in commerce for the purpose of generating profit.
   b. Cross-border exchange of goods, services, and resources between two or more countries
   c. Movement towards a more integrated global economy.
   d. Expansion and proliferation of international firms.
   ANS: B DIF: Moderate REF: Section 1.1

3. Which of the following best defines a business?
   a. Enterprise or person engaged in commerce for the purpose of generating profit.
   b. Enterprise or person engaged in the exchange of goods, services, and resources.
   c. Enterprise or person engaged in commerce in multiple countries.
   d. Enterprise or person engaged in the integrated, global economy.
   ANS: A DIF: Moderate REF: Section 1.1

4. A/An __________ is an organization that sells products and services sourced from another country, while a/an ____________ is an organization that sells products and services in foreign countries, while sourcing them from the home country.
   a. foreign investor; importer
   b. foreign investor; exporter
   c. exporter; importer
   d. importer; exporter
   ANS: D DIF: Easy REF: Section 1.1

5. Which of the following best defines foreign direct investment?
   a. Selling of products and services sourced from a foreign country.
   b. Selling of products and services in a foreign country sourced from the home country.
   c. Investment of foreign assets into domestic structures, equipment, and organizations.
   d. Investment of domestic assets into domestic structures, equipment, and organizations.
   ANS: C DIF: Moderate REF: Section 1.1

6. Which of the following best defines location advantages?
   a. Advantages based on the choice of a particular foreign market for better access to variables such as raw materials, lower cost labor, important suppliers, key customers, and natural resources.
   b. Advantages from selling products and services in a particular foreign market.
   c. Advantages based on importing goods from a particular foreign country.
   d. Advantages from investing into foreign structures, equipment, and organizations.
   ANS: A DIF: Easy REF: Section 1.1

7. Which of the following best defines strategic management?
   a. Knowledge regarding the development and implementation of optimal strategies, and the subsequent measurement of a firm's implementation of the strategies and overall performance.
   b. Central, integrated, and internal-only oriented concepts of how an organization achieves its performance objectives.
   c. Central, integrated, and external-only oriented concepts of how an organization achieves its performance objectives.
   d. Understanding the strengths, weaknesses, and threats that come from within and outside your organization.
   ANS: A DIF: Moderate REF: Section 1.1

8. Which of the following best defines strategy?
   a. Understanding the strengths, weaknesses, opportunities, and threats that come from within and outside your organization.
   b. Central, internally oriented concepts of how an organization achieves its objectives.
   c. Assessment and formulation of central, externally oriented concepts of how an organization achieves its performance objectives.
   d. Knowledge regarding the development and implementation of good strategies, and measurement of a firm's performance.
   ANS: C DIF: Moderate REF: Section 1.1

9. Which of the following best defines a SWOT Analysis?
   a. Central, externally oriented concepts of how an organization achieves its objectives.
   b. Central, internally oriented concepts of how an organization achieves its objectives.
   c. Knowledge regarding the development and implementation of good strategies, and measurement of a firm's performance.
   d. Basic tool of strategy which includes examination of an organization's internal strengths and weaknesses, along with the opportunities and threats that come from outside an organization.
   ANS: D DIF: Moderate REF: Section 1.1

10. Which of the following best defines entrepreneurship?
   a. Examination of profitable opportunities that take place in a business that already exists.
   b. Recognition of profitable opportunities and the use or creation of resources to implement innovative ideas for new thoughtfully planned ventures.
   c. Developing the strategy to grow the sales of an existing product or service.

d. Central, externally oriented concepts of how an organization achieves its objectives.
ANS: B DIF: Hard REF: Section 1.1

11. Which of the following best defines intrapreneurship?
    a. Recognition of profitable opportunities and the use of resources to implement ideas in a new venture.
    b. Examination and implementation of new innovative profitable opportunities that take place in a business that already exists.
    c. Central, externally oriented concepts of how an organization achieves its objectives.
    d. Central, internally oriented concepts of how an organization achieves its objectives.
    ANS: B DIF: Moderate REF: Section 1.1

12. Which of the following best defines stakeholders?
    a. An individual in an organization whose interests may be affected by another government.
    b. An individual or organization whose interests may be affected by another individual or organization.
    c. The broad set of activities that a business engages in.
    d. The techniques an organization uses to assess key people or institutions that may be significantly impacted by success of an activity, project, or business.
    ANS: B DIF: Hard REF: Section 1.2

13. Which of the following best defines a stakeholder analysis?
    a. Techniques an organization uses to assess the importance of key people or institutions that may significantly impact the success or failure of an activity, project, or business.
    b. Examination of the broad set of entities and activities that a business engages in.
    c. Analysis of individuals or organizations whose interests may affect their business.
    d. Analysis of individuals in an organization whose work productivity may be affected by what another individual or organization does.
    ANS: A DIF: Hard REF: Section 1.2

14. Which of the following best defines a flat-world perspective?
    a. Metaphor for the seamless communication across national borders.
    b. Perspective of the proliferation of self-organizing, collaborative communities.
    c. View of the world as a flat, level playing field, where all businesses have equal opportunity.
    d. Description for insourcing a company's logistical expertise to solve its own problems.
    ANS: C DIF: Easy REF: Section 1.3

15. Which of the following best defines the CAGE framework?
    a. Analytical framework to examine how a business impacts local cultures and traditions.
    b. Analytical framework to examine how a business impacts foreign sovereignty.
    c. Analytical framework to examine how a business impacts the local economy.
    d. Analytical framework to understand regional differences along the distance dimensions

of culture, administration, geography, and economics.
ANS: D DIF: Easy REF: Section 1.3

16. Which of the following best defines ethics?
    a. Branch of philosophy that examines principles, including abstract concepts of being.
    b. Branch of philosophy that examines virtue and moral behaviors.
    c. Branch of philosophy that examines the debate about power conflict among businesses.
    d. Branch of philosophy that examines theories of knowledge, their validity, and scope.
    ANS: B DIF: Moderate REF: Section 1.4

17. Which of the following best defines business ethics?
    a. Branch of philosophy that examines virtue and moral behaviors.
    b. Branch of philosophy that examines the debate or conflict among businesses.
    c. Branch of philosophy that examines various kinds of business activities and seeks to ascertain whether a course of action is ethically right or wrong.
    d. Branch of philosophy that examines theories of knowledge, their validity, and scope.
    ANS: C DIF: Moderate REF: Section 1.4

18. Which ethical model seeks to do the most good while doing the least harm?
    a. Common good approach
    b. Fairness or justice approach
    c. Rights-based approach
    d. Utilitarian approach
    ANS: D DIF: Moderate REF: Section 1.4

19. Which ethical model seeks to respect the rights of everyone involved?
    a. Fairness or justice approach
    b. Rights-based approach
    c. Utilitarian approach
    d. Virtue approach
    ANS: B DIF: Easy REF: Section 1.4

20. Which ethical model seeks to improve the quality of life of the affected people?
    a. Rights-based approach
    b. Utilitarian approach
    c. Virtue approach
    d. Common good approach
    ANS: D DIF: Moderate REF: Section 1.4

21. Which ethical model analyzes actions according to a company's values and culture?
    a. Utilitarian approach
    b. Virtue approach
    c. Common good approach
    d. Fairness or justice approach
    ANS: B DIF: Moderate REF: Section 1.4

22. Which of the following best defines a business manager?
    a. Person responsible for overseeing a broad range of a company's activities across multiple business units.
    b. Person responsible for overseeing a company's operations within a geographical area.
    c. Person responsible for overseeing a specific organizational unit within a company.
    d. Person responsible for overseeing the day-to-day activities andemployees in a company.
    ANS: D DIF: Moderate REF: Section 1.5

23. Which of the following best defines a corporate manager?
    a. Person responsible for overseeing a broad range of a company's activities across multiple business units.
    b. Person responsible for overseeing a company's operations within a geographical area.
    c. Person responsible for overseeing a specific organizational unit within a company.
    d. Person responsible for overseeing the day-to-day activitiesand employees in a company.
    ANS: A DIF: Moderate REF: Section 1.5

24. Which of the following best defines a functional manager?
    a. Person responsible for overseeing a broad range of a company's activities across multiple business units.
    b. Person responsible for overseeing a company's operations within a geographical area.
    c. Person responsible for overseeing a specific organizational unit within a company.
    d. Person responsible for overseeing the day-to-day activitiesand employees in a company.
    ANS: C DIF: Moderate REF: Section 1.5

25. Which of the following best defines a country manager?
    a. Person responsible for overseeing a broad range of a company's activities across multiple business units.
    b. Person responsible for overseeing a company's operations within a geographical area.
    c. Person responsible for overseeing a specific organizational unit within a company.
    d. Person responsible for overseeing the day-to-day activities andemployees in a company.
    ANS: B DIF: Moderate REF: Section 1.5

26. Which of the following best defines corporate culture?
    a. A culture that examines how employees and functional units in the company transmit the knowledge, methods, and scope of fundamental business activities.
    b. A culture that encompasses various kinds of business activities and seeks to ascertain whether a course of action is ethically right or wrong.
    c. A culture that encompasses the values and behaviors that contribute to the unique social and psychological environment of a business.
    d. A culture that examines how an international business impacts local cultures.
    ANS: C DIF: Moderate REF: Section 1.5

27. Wilfred spends his day leading and managing other managers, developing their talents, and balancing the needs of these other managers. What kind of manager is Wilfred?
    a. Functional
    b. Corporate
    c. Business
    d. Country
    ANS: B DIF: Moderate REF: Section 1.5

28. Anita is responsible for understanding local customers, satisfying government requirements, and defending the company against competitors. What kind of manager is Anita?
    a. Functional
    b. Corporate
    c. Business
    d. Country
    ANS: D DIF: Moderate REF: Section 1.5

29. Maria spends the day managing her organizational unit within the company, and reports to the site's general manager or to a regional one. What kind of manager is Maria?
    a. Functional
    b. Corporate
    c. Business
    d. Country
    ANS: A DIF: Moderate REF: Section 1.5

30. Eli is tasked with overseeing the various employees of a company and their day-to-day activities. What kind of manager is Eli?
    a. Functional
    b. Corporate
    c. Business
    d. Country
    ANS: C DIF: Moderate REF: Section 1.5

COMPLETION

1. ______________________ encompasses a full range of cross-border exchanges of goods, services, or resources between two or more nations.
   ANS: International business DIF: Moderate REF: Section 1.1

2. Strategic management is concerned with a company's overall performance, and uses a basic tool, the ______________, to assess internal strengths and weaknesses and external threats and opportunities.
   ANS: SWOT Analysis DIF: Hard REF: Section 1.1

3. The choice of a foreign market generates unique advantages, referred to as _________.
   ANS: location advantages DIF: Hard REF: Section 1.1

4. ____________________________ is the body of knowledge that answers questions about the development and implementation of good strategies. It is mainly concerned with the determinants of firm performance.
ANS: Strategic management DIF: Hard REF: Section 1.1

5. A _______________is an individual or organization whose interests may be affected as the result of what another individual or organization does.
ANS: stakeholder DIF: Moderate REF: Section 1.2

6. Thousands of years ago, merchants transported only the most precious items via extended land and sea trade routes, including the famed ______________ through central Asia.
ANS: Silk Road DIF: Hard REF: Section 1.3

7. One criticism of globalization is that, for many developing countries, globalization may lead to a loss of national ___________________.
ANS: sovereignty DIF: Hard REF: Section 1.3

8. Global organizations like the _______________________ have been successful in creating and enforcing rules for global trade.
ANS: World Trade Organization DIF: Hard REF: Section 1.3

9. A company's __________ encompasses values and behaviors that contribute to the unique social and psychological environment of a business.
ANS: culture DIF: Hard REF: Section 1.5

10. Success in today's international climate demands specialized yet closely linked groups of global business managers, regional managers, and worldwide functional managers. This characterizes a _____________________ rather than an old-line multinational company.
ANS: transnational company DIF: Hard REF: Section 1.5

ESSAY

1. Compare and contrast the roles of entrepreneurs and intrapreneurs.
ANS:
Entrepreneurship is the recognition of opportunities and the use of resources to implement innovative ideas for new, planned ventures. An entrepreneur is a person engaged with entrepreneurship. Intrapreneurship is a form of entrepreneurship that takes place inside an existing business. An intrapreneur is a person who takes responsibility (often in a manager role) for turning an idea into a profitable finished product. Entrepreneurs are more focused on building a business, while intrapreneurs are more interested in expanding it. Both could work on an international or a domestic level, depending on the nature of the business.

DIF: Moderate
REF: Section 1.1

2. Describe the flat-world perspective on globalization.

ANS:

- Flat-world perspective views the world as a level playing field for commerce, where all competitors have equal opportunity.
  - Viewpoint developed by Thomas Friedman (*The World is Flat*).
  - He says globalization is in its third stage. The first stage was global development, which included the discovery of the new world (1492 to 1800). The second stage was (from 1800 to 2000) disrupted by the Great Depression, World Wars, and was shaped by the emerging power of multinational corporations. It grew with the European mercantile stock companies as they searched for new markets, cheap labor, and raw materials. Advances in sea and rail transportation also helped.
  - The current stage started in 2000 with advances in global electronic interconnectivity that allowed efficient long-distance communication. This allows companies to outsource their work or specific processes.
  - Home-sourcing has also grown, where people can work from home.
  - Essentially, today, people can work together from anywhere all over the world.

DIF: Moderate
REF: Section 1.3

3. Describe the multidomestic view of globalization.
ANS:

- International business professor Pankaj Ghemawat says the world is “semiglobalized” and “multidomestic,” not flat.
  - He says this explains why international business is not always easy. A flat world would make it easy. However, he argues that global strategy must begin with noticing differences.
  - In the semi-globalized world, global strategy begins with noticing national differences.
  - Ghemawat argues for using the CAGE framework (Culture, Administration, Geography, Economics) and CAGE analysis to study “barriers to cross-border economic activity.”
  - CAGE dimensions share a notion of distance. Differences matter most when the CAGE distance is great. When differences are small, there is more opportunity to see business being conductedacross borders.

DIF: Moderate
REF: Section 1.3

4. Describe the components of the CAGE framework.
ANS:

- The CAGE framework:

- *Culture*—cultural differences reduce economic exchange. Culture includes norms, common beliefs, and practices. Cultural distance also refers to differences based on a wide variety of factors including language, norms, national or ethnic identity, levels of trust, tolerance, respect for entrepreneurship, and social networks or other country-specific qualities.
- *Administration*—bilateral trade flows show administratively similar countries trade with each other more often. This is often linked to historical ties. They may have similar laws, regulations, institutions, and policies.
- *Geography*—the most obvious difference between countries. Usually more distance results in less trade due to time zones and lack of shared borders.
- *Economics*—differences in demographic and socioeconomic conditions. Could be measured by size, GDP, per capita income. May correlate to other differences in labor costs, capital costs, human capital, land value, natural resources, transportation networks, communication infrastructure. Distance has the greatest impact when—
    - Nature of demand varies with income level.
    - Economics of scale are limited.
    - Cost differences are significant.
    - Distribution or business systems are different.
    - Organizations must be highly responsive to customer's concerns.
- CAGE dimensions share a notion of distance. Differences matter when distance between concepts is great. When differences are small, there is more opportunity to see business across borders.

DIF: Moderate
REF: Section 1.3

5. Debate for and against two of the arguments on globalization.
ANS:
Student answers will vary depending on which two are selected. They may include:

- Countries diminish their sovereignty.
    - Globalization may be viewed with suspicion and as a potential risk to the countries' political and national interests.
    - Both other countries and supra-national organizations might be perceived as threats. These organizations may be viewed as dictating policies.
    - Others feel economic interdependence can keep a balance among governments. Countries may be less likely to take action against countries whom they are interdependent with.
- Governments have fewer ways to monitor companies and hold them accountable.
    - Global firms could avoid following standards, paying taxes.

- However, globalists say countries should work together to agree on standards for monitoring and accountability.

DIF: Moderate
REF: Section 1.3

6. Describe the decision-making framework from the Markkula Center for Applied Ethics.
ANS:

- Decide—is it an ethical issue? Differs from law and religious beliefs.
- Get the facts—consult with others as needed.
- Evaluate alternative actions using one of five approaches.
- Test your decision—do you feel comfortable with it?
- Just do it—but what did you learn? Once you make the decision, implement it, and then evaluate what adjustments may be needed.

DIF: Moderate
REF: Section 1.4

7. Discuss the five different ethical decision-making approaches. Apply one to the Google in China scenario and how that case might be resolved.
ANS:

- Utilitarian approach—which actions lead to most good and least harm?
- Rights-based approach—which action respects everyone's rights?
- Fairness or justice approach—which action treats people fairly?
- Common good approach—which action contributes to quality of life?
- Virtue approach—which action embodies valued character strengths?

Student answers will vary. The virtue approach could be applied, if students argue that Google should not comply with China's demands since it violates their own ethical motto. Similarly, they might argue that according to the rights-based approach, Google should not comply because it does not respect everyone's rights.

DIF: Hard
REF: Section 1.4

8. Compare and contrast the definition of ethics against what experts say is not considered ethics. Give an example where ethics might conflict with something else.
ANS:

Student answers will vary. Ethics is a branch of philosophy that seeks virtue. It deals with "right" and "wrong" behavior. Students should be careful not to assume that the right and wrong behaviors of their culture are universal. Experts agree on what ethics is not. It is not feelings, religion, the law, science, or culturally accepted norms. Ethics may conflict with any of these. For example, the law in a particular country might allow for segregation of genders or races. However, others have decided that segregation violates human rights and thus it is not ethical. A company that wants to behave ethically would have to decide what the ethical values are for the company and then seek to follow those in all markets.

DIF: Hard
REF: Section 1.4

9. Describe the four types of managers discussed in the chapter, then compare and contrast two of them.

ANS:

- Business managers typically supervise and oversee day-to-day activities and employees within a company.
- Country managers oversee operations within a country or geographic region.
- Functional managers have management authority over an organizational unit.
- Corporate Managers oversee a broad range of corporate activities across multiple business units, markets, and countries. Leads, develops talent, balances negotiations.

Student answers will vary. Business managers work on the day-to-day details, usually in one location, and with a specific group of staff. Corporate managers have a higher level of oversight. They may travel to various locations and would typically mainly interact with business, functional, and country managers, rather than lower-level employees.

DIF: Moderate
REF: Section 1.5

10.What self-assessment questions should you ask yourself when considering a career in global management, and how would you answer those questions?

ANS:

- Do you have a background, familiarity, or interest in a particular country or language? How interested are you in developing country or language skills?
- Do you have a technical skillset, such as engineering or finance, which would enable you to explore opportunities in a global industry and/or country?
- Are you comfortable working across cultures with different ways of thinking, interacting, and working?

Student answers will vary based on their understanding of the question and self-assessment.

Students may also reference participation in career or other testing to assist self-assessment.

DIF: Moderate
REF: Section 1.6