Chapter 8 Quiz

1. Which entry strategy requires the least financial risk?
2. Strategic Alliance
3. Franchising
4. **Exporting**
5. Direct Investment
6. Joint Venture
7. Which country is not included in the BRIC?
8. China
9. **South Africa**
10. Brazil
11. Russia
12. India
13. is the market value of the goods and services produced by a country in a year.
14. purchasing power
15. **Gross domestic product**
16. trade
17. Gross national income
18. What is the least riskiest approach firms can take when entering global markets?
19. **Exporting**
20. Franchising
21. Joint Venture
22. Direct Investment
23. What is **NOT** one of the 3 global product strategies?
24. Sell the same product/service in both the home country market and host country
25. Sell product/service similar to that sold in home country with minor adaptations
26. **Market prices must be adjusted to reflect local pricing strategies**
27. Sell totally new products or services

6. All of the following are the criteria necessary to assess a country’s makers except?

A. Economic analysis using metrics

B. Infrastructure and Technology

**C. Political Actions**

D. Governmental Actions

E. Sociocultural analysis

7. Which of the following is known a BRIC country?

A. Australia

B. Angola

C. Mexico

**D. Brazil**

8. Why are prices nearly always lower in the country of origin?

1. There are no customs to pay
2. There are no import duties to pay
3. International transportation expenses are less than domestic expenses
4. **All of the above**

9. Direct Investment requires a firm to maintain \_\_\_\_\_\_\_ % ownership of its plants, operation facilities, and offices in a foreign country, through the formation of wholly owned subsidiaries.

1. 50%
2. 20%
3. **100%**
4. 90%

10. What is globalization?

1. **the process by which goods, services, capital, people, information, and ideas flow across national borders.**

B. Process of making goods and services

C. Meeting the wants/needs of customers

D. Introducing goods, services, and ideas to the marketplace

11.  Which of the following can have fundamental and potentially devastating impacts on a firm’s ability to sell products?

1. Exchange controls
2. Exchange rates
3. **Tariffs and Quotas**
4. Tariffs and Duties
5. Infrastructure and Quotas

12. Which entry strategy requires the highest level of investment and exposes the firm to the most significant risk?

1. **Direct Investment**
2. Franchising
3. Joint Venture
4. Strategic Alliance
5. Exporting

13. What theory justifies that if two currencies are in equilibrium, a good or service will cost the same amount in each country?

1. consumer surplus theory
2. gross domestic product
3. market value theory
4. **purchasing power parity**
5. currency exchange theorem

14. What does a quota entail?

1. a minimum quantity of products may be brought into a country at a specific time
2. a tax is placed on specified goods entering a country
3. a maximum quantity of products may be brought into a country at a specific time
4. all of the above
5. **a and c are correct**

15. What agency in the United States sets the currency exchange rate?

1. Federal Bank
2. Bank of America
3. Reserve Bank
4. **Federal Reserve**

16. What is a trade deficit?

1. **A country imports more than it exports**
2. A country imports less than it exports
3. A country does not export
4. A country does not import

17. What is an aspect of business that is shared in a joint venture?

1. Ownership
2. Control
3. Profits
4. **All of the above**

18. In what country is more than 99% of the adult population literate?

1. China
2. **Russia**
3. Brazil
4. India

19. The global population has drastically increased since the turn of the \_\_\_\_\_ century.

1. 18th
2. 19th
3. **20th**
4. 21st

20. What country is NOT a member of the NAFTA Trade Agreement?

1. Mexico
2. Canada
3. **China**
4. United States