Chapter One:

Scenario: Sabrina’s Spices & Sauces

Last year, Sabrina Shin opened her own business with two friends selling different types of spices and hot sauces. The business is small but these entrepreneurs’ dreams are big. Given the limited demand and sales fluctuations in the domestic market, Sabrina has been considering going international. However, she has little information, a lot of doubts and no guidance.

114. If you were to advise Sabrina on the myths versus facts of exporting, which of the following would you say is a fact?
   a. Only large companies can export successfully.
   b. Sabrina’s products do not need export licensing.
   c. Small businesses have no place to turn for export advice.
   d. There is no export financing available for Sabrina’s business.
   e. All of these are facts.

   Answer: b

115. If Sabrina needs $500,000 to expand her business internationally, which of these might be her best bet?
   a. Ex-Im Bank
   b. World Trade Organization
   c. Small Business Administration
   d. Friends

   Answer: c

116. Which of these would offer the expert advice and assistance program to Sabrina?
   a. Trade Information Center
   b. World Trade Organization
   c. Ex-Im Bank
   d. GATT

   Answer: a

117. Which of these can help Sabrina reach consumers in different corners of the world faster and cheaper?
   a. Intranet
   b. Extranet
   c. Sales force network in every country
   d. Internet

   Answer: d
International business entails which of the following?

a. Selling products to customers in other countries
b. Imports and exports
c. Crossing borders to get products
d. All of the above.

The term denationalization refers to___________________.

a. a loss of sovereignty in markets
b. national boundaries becoming less relevant
c. cooperation between national actors to reduce trade barriers
d. the elimination of borders between nations

Companies can capitalize on excess production capacity by___________________.

a. closing little-used plants
b. seeking international sources of demand
c. developing new products
d. gaining market power

Chapter Two:

Scenario: Mick Richards, International Executive

Mick Richards, vice president of marketing and business development for a British-based Internet company, will be attending an international symposium in Brazil on Internet marketing in the global economy. Mick will be meeting with people from numerous countries. What advice can you give him as he prepares for his trip?

182. Mick’s first meeting will be with Emilio Perez, a businessman from Mexico. Mick should___________.

   a. be prepared to stand at arm’s length from Perez, standing any closer could offend him
   b. be prepared to kiss Perez in greeting
   c. immediately get down to business
   d. not be late for the meeting

   Answer: b

183. Mick will be attending a luncheon with several Arabs on the third day of the symposium. Mick should___________.

   a. anticipate lively hand gestures and other body motions
   b. wear a turban
   c. make strong eye contact
   d. bow at about 30 degrees

   Answer: a
184. Mick will be staying on after the symposium to meet with several associates, also vice-presidents, from the Japan office to determine why the office did not meet its goals and to identify whether an associate, Karen Yoshimura, did not properly account for various transactions. When meeting with the associates, Mick should___________.

a. bow at about 15 degrees  
b. bow at about 30 degrees  
c. bow at about 45 degrees  
d. just shake hands

Answer: a

185. If Karen Yoshimura bows at 45 degrees, Mick should feel___________.

a. insulted  
b. as though he were treated as a superior  
c. that an apology has been made  
d. that he has been greeted appropriately

Answer: c

186. Mick is fond of ending his meetings with the thumbs up signal indicating that things are good. When meeting with representatives form Italy, Mick should___________.

a. avoid making the gesture  
b. tap his nose instead  
c. make the gesture at the beginning and end of the meeting  
d. make the gesture, then shake hands

Answer: a

All the technology employed in a culture to manufacture goods and provide services is called its___________.

a. markets  
b. topography  
c. subculture  
d. material culture

Which country likes greater risk and uncertainty even though the perks of power still exist?

a. Denmark  
b. U.S.  
c. Jamaica  
d. Korea  
e. Singapore
Chapter Three:

**Scenario: Risky Business**

Global Trading does business primarily in computer software and hardware, steel and copper scrap and telephone and electric utility industries. Being diverse in three very different types of industries, the company faces many different risks in doing business globally.

181. Global Trading just learned that in one of the countries where they do business, the government has taken over the entire electric utility industry and the company will get a very small amount in compensation. This can be described as__________.

   a. confiscation  
   b. globalization  
   c. expropriation  
   d. nationalization

Answer: d

182. The country’s government could have taken over the entire electric utility industry for which of these reasons?

   a. For ideological reasons  
   b. It could have been a political tool  
   c. To get control over the cash flow generated by the electric industry  
   d. All of the above.

Answer: d

183. If Global Trading’s assets were the only ones taken over with compensation by the country’s government, it would be referred to as__________.

   a. expropriation  
   b. nationalization  
   c. confiscation  
   d. communism

Answer: a

184. Which of these techniques could have helped Global Trading in managing such a risk?

   a. Insurance  
   b. Information gathering  
   c. Influencing local politics  
   d. All of the above.

Answer: d
185. If Global Trading loses assets or investments due to a war in a country, insurance from which of these agencies may help protect the company?

   a. OPEC  
   b. FCIA  
   c. WTO  
   d. OPIC  

Answer: b

Which of these countries is ranked as the least corrupt by businesspeople?

   a. Denmark  
   b. Indonesia  
   c. The United States  
   d. Russia  
   e. Cameroon

Which of these is NOT a type of legal system in use?

   a. Theocratic law  
   b. Civil law  
   c. Common law  
   d. Political law

A copyright is granted for __________ and not for __________.

   a. patents; trademarks  
   b. duplicating; selling  
   c. the tangible expression of an idea; the idea itself  
   d. trademarks; patents  
   e. the idea itself; the physical product

Chapter Four:

**Scenario: Stephanie Lee**

Stephanie Lee, an American of Chinese descent, owns a consulting business that advises clients as they expand into China. Lee is preparing to lead a symposium on expansion into the Chinese market for small and mid-sized exporters. How should she answer the following questions posed by symposium participants?

171. What is more important, contacts or contracts?

   a. Contracts are critical because the Chinese are known for shaking hands on a deal and then hanging their minds later.  
   b. Face-to-face communications and personal relationships take priority over written contracts.  
   c. Business people should take the time to agree on a legal contract before they move on to developing business relationships.
d. Business relationships come with time and are established only after successful legal deals have been conducted.

Answer: b

172. When should we expect to actually conduct business?

a. The Chinese operate in a way very much like Americans, business first and then pleasure.
b. The Chinese hate to play guessing games; give them your sales pitch right away and then let the meeting develop.

c. Don’t overlook the importance of personal relationships; friendship comes before business.
d. The Chinese are very flexible, they tend to adapt to other cultures’ way of doing business.

Answer: c

173. Should we avoid discussing our families and spouses?

a. Absolutely, family is kept completely separate from business.
b. Yes, because it is considered very rude, particularly if discussions revolve around a wife.
c. No, Chinese people believe business partners are family members, too.
d. It’s fine to discuss family, but never agree to go to a business partner’s house.

Answer: c

Monetary policies deal with ____________________.

a. taxing
b. government spending
c. controlling money supply and interest rates
d. All of the above.

A country’s level of economic development reflects all of the following except ____________________.

a. the nation’s economic output
b. the nation’s currency value relative to that of other countries
c. the nation’s infrastructure
d. the physical health and level of education of the nation’s population

The human development index measures the extent to which a government satisfies its people’s needs along all of these dimensions except ____________________.

a. a decent standard of living
b. a long and healthy life
c. an education
d. a gross national product
Chapter Five:

Scenario: Charlie Jager

Charlie Jager, a sporting goods entrepreneur, has built a name for himself in Europe as the King of the Course. The self-made millionaire prides himself on being able to sell his golf balls to anyone, anywhere, anytime. Charlie would like to expand his business into the Pacific Rim countries and has begun to make inquiries regarding potential distributors.

167. Charlie is convinced that his golf balls will sell themselves, however, because he wants to make a good first impression, Charlie is preparing his special “hard-sell” presentation that he believes will convince anyone to buy the product. As a Pacific Rim expert, what would you tell Charlie?

a. Be sure that he has a tight legal contract ready to avoid product piracy problems.
b. Aggressive salesmanship doesn’t work in Pacific Rim countries.
c. Be sure to have plenty of English language business cards ready to hand out because Asians are impressed with America and all that it represents.
d. Avoid the confusion introduced by third-party contacts.

Answer: b

168. Charlie has traditionally relied on a fairly basic marketing program for his golf balls. In fact, he has been using virtually the same campaign for several years. He believes that it works because of its very simplicity, and the fact that his target market has similar needs. Charlie should

a. go with his current campaign because of its good track record
b. change his campaign because golf is relatively new to the Asian market, and may require additional explanations
c. go with his current campaign to avoid the cost of developing a new one
d. change his current campaign to accommodate diversities in the Asian culture

Answer: d

169. Charlie is a very hands-on individual. He believes that his business has grown because he has been involved every step of the way. Charlie would like to continue his involvement even in new markets. As his Pacific Rim advisor, what would you tell him?

a. Contact distributors directly to avoid any misunderstandings that might arise when third-party contacts are involved.
b. Stick to the corporate setting when doing business to avoid any potential misunderstandings that could arise in a less formal environment.
c. Protect himself by insisting on detailed contacts.
d. Use proper intermediaries.

Answer: d
Nations following the theory of _________ believed that the world’s wealth was limited and that a nation could increase its share of the pie only at the expense of its neighbors.

a. absolute advantage
b. comparative advantage
c. mercantilism
d. factor proportions

The theory of absolute advantage destroys the mercantilist idea that international trade is

a_________.

a. positive-sum game
b. zero-sum game
c. negative-sum game
d. comparative advantage

Which of these countries dominates the rest of the world in export volume?

a. China
b. The United Kingdom
c. Hong Kong
d. The United States
e. Malaysia

Pop Quiz questions are added – same points as indicated on original

MMQ – 2 points each

Scenario Questions – 4 each