MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

**Freehold Investment Corp. (Scenario)**
Dan Freehold and his business partner, Bethany Quinn, are successful investors engaged in a variety of enterprises. Recently Dan and Bethany have decided to expand their foreign investing operations. They hold a meeting for individuals interested in participating in certain overseas ventures.

2) Phillip Hardy, one of the potential investors, expresses the desire to purchase only those types of assets in which he can maintain a relatively short-term interest. Which of the following investment opportunities would be most suited for Mr. Hardy? 2) _______
A) an initiative to purchase the technology assets of an Indian consulting firm
B) the Freehold Eastern Growth Fund, which purchases Eastern European growth stocks
C) a venture that gives investors ownership of the equipment used by multiple South African mining companies
D) the Freehold World Climb Project, which maintains partial ownership of an Australian hiking equipment production plant

**International Trade Summit (Scenario)**
An international trade summit is held in Geneva, Switzerland. The purpose of the summit is to cooperatively develop policies that promote international trade. Representatives from 50 different countries attend the summit.

3) One of the attendees represents a nation with a products trade (imports and exports) valued at over 800 billion dollars. This representative attends on behalf of which of the following countries? 3) _______
A) Belgium B) Canada C) Germany D) Italy

**Overseas Expansion (Scenario)**
Whittaker Semiconductors has recently decided to expand its operations overseas. Amanda Quan, Vice President of International Business, assigned a team of investigators to analyze the risks faced by the company in making this move. Of particular interest were the risks that might affect the success of a new production plant to be located in one of three potential countries.

4) Philip Baxter reported on the risks associated with establishing the plant in Country A. The most significant risk, in his view, was posed by the country's complex bureaucratic structure. Philip reported the likelihood of significant administrative delays in opening the plant. The risk identified by Philip is an example of which of the following? 4) _______
A) commercial risk B) currency risk
C) cross cultural risk D) country risk
5) Rosa Santos reported on the risks associated with establishing the plant in Country B. In her analysis, Rosa emphasized the financial risks involved. Which of the following was most likely not included in Rosa's analysis? 5) ______
A) transfer pricing  B) asset valuation  
C) currency exposure  D) protectionism

6) Which of the following is not an example of a cross-cultural risk factor? 6) ______
A) negotiation patterns  B) decision-making styles  
C) ethical practices  D) competitive intensity

7) The process of targeting and serving markets outside the home country is known as _______. 7) _______
A) trade protectionism  B) competition intensity  
C) reactive internationalization  D) market diversification

**Sterling Auto International (Scenario)**
Sterling Auto International is a successful car manufacturing company headquartered in Detroit, Michigan. Over the past year, the company implemented multiple efforts to expand its overseas operations. At a recent shareholder's meeting, attendees questioned the CEO's motivations for authorizing certain of the expansion efforts.

8) One shareholder wanted clarification about a research effort that investigated the possibility of setting up a plant in China. The CEO explained that serving China's rapidly growing middle class population would enable Sterling to increase the size of its customer base dramatically. In China, the CEO was most likely interested in _______. 8) _______
A) implementing reactive strategies  
B) reducing production volume  
C) avoiding government intervention  
D) developing economies of scale

9) The growth of international business activity coincides with which of the following? 9) _______
A) the globalization of markets  
B) the growth of developing countries  
C) the decline of Soviet communism  
D) the advent of computer technology

10) Which of the following countries hosts the greatest number of MNEs? 10) ______
A) Netherlands  B) Germany  
C) United States  D) Japan

11) Which of the following is another term for importing? 11) ______
A) supply side development  B) global sourcing  
C) capital investment  D) unilateral procurement
2) B
3) C
4) D
5) D
6) D
7) D
8) D
9) A
10) C
11) B