

***International Business 1st edition Buckley Test
Bank***

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Correct answers are marked with an asterisk (*).

Type: multiple choice question

Title: Chapter 02 - Question 01

1) Globalization of production generally provides opportunities for firms to.....

a. access lower cost resources

Feedback: With globalization firms are likely to enjoy both access to lower cost resources and improved quality (access to specialist suppliers). Times to market could increase if more distant or remote locations are used.

Page reference: 25

b. improve product quality

Feedback: With globalization firms are likely to enjoy both access to lower cost resources and improved quality (access to specialist suppliers). Times to market could increase if more distant or remote locations are used.

Page reference: 25

c. reduce lead times to markets

Feedback: With globalization firms are likely to enjoy both access to lower cost resources and improved quality (access to specialist suppliers). Times to market could increase if more distant or remote locations are used.

Page reference: 25

*d. Both a and b

Feedback: With globalization firms are likely to enjoy both access to lower cost resources and improved quality (access to specialist suppliers). Times to market could increase if more distant or remote locations are used.

Page reference: 25

Type: multiple choice question

Title: Chapter 02 - Question 02

2) A firm invests in the experience of its management by involving them in cross-national project teams. Internal research shows that this increases productivity and employee retention. As a result the firm has created...

a. a country-specific advantage

Feedback: Investment by the firm in a proprietary advantage (unique to that single firm) creates a firm-specific advantage.

Page reference: 24

*b. a firm-specific advantage

Feedback: Investment by the firm in a proprietary advantage (unique to that single firm) creates a firm-specific advantage.

Page reference: 24

c. a transaction-specific advantage

Feedback: Investment by the firm in a proprietary advantage (unique to that single firm) creates a firm-specific advantage.

Page reference: 24

d. a location-specific advantage

Feedback: Investment by the firm in a proprietary advantage (unique to that single firm) creates a firm-specific advantage.

Page reference: 24

Type: multiple choice question

Title: Chapter 02 - Question 03

3) does **not** contribute to the globalization of production?

*a. New applications for social media

Feedback: New applications for social media does not contribute to globalization, all the other factors do.

Page reference: 28

b. Firms from developed markets

Feedback: New applications for social media does not contribute to globalization, all the other factors do.

Page reference: 28

c. Firms from emerging markets

Feedback: New applications for social media does not contribute to globalization, all the other factors do.

Page reference: 28

d. The rapid adoption of e-commerce

Feedback: New applications for social media does not contribute to globalization, all the other factors do.

Page reference: 28

Type: true-false

Title: Chapter 02 - Question 04

4) MNEs act as an instrument increasing the effective utilization of the world's resources

*a. True

Feedback: Because MNEs undertake a high level of specialization and are profit seeking organizations they are likely to ensure an effective utilization of resources. The sharing of those efficiencies is a totally different matter.

Page reference: 35

b. False

Feedback: Because MNEs undertake a high level of specialization and are profit seeking organizations they are likely to ensure an effective utilization of resources. The sharing of those efficiencies is a totally different matter.

Page reference: 35

Type: multiple choice question

Title: Chapter 02 - Question 05

5) Legal systems are important for business because ...

a. they help define how business transactions are executed

Feedback: Legal systems are a market-supporting institution that perform all three of the functions listed here

Page reference: 32

b. they clarify the rights and obligations of parties involved in business transactions

Feedback: Legal systems are a market-supporting institution that perform all three of the functions listed here

Page reference: 32

c. they provide a mechanism for enforcing contracts

Feedback: Legal systems are a market-supporting institution that perform all three of the functions listed here

Page reference: 32

*d. All of the above

Feedback: Legal systems are a market-supporting institution that perform all three of the functions listed here

Page reference: 32

Type: true-false

Title: Chapter 02 - Question 06

6) International business activities are primarily carried out by individual companies.

*a. True

Feedback: While there are many different types of organization involved in international business, including conglomerate firms, the majority of international business activities are undertaken by individual firms.

Page reference: 23

b. False

Feedback: While there are many different types of organization involved in international business, including conglomerate firms, the majority of international business activities are undertaken by individual firms.

Page reference: 23

Type: multiple choice question

Title: Chapter 02 - Question 07

7) Firm-, or ownership specific advantages ...

a. are always based on natural resources

Feedback: Ownership advantages are always proprietary or unique to a single firm. Clearly b is wrong and a and d may be true in some cases, but c is always the case.

Page reference: 26

b. can also be present within competitor firms

Feedback: Ownership advantages are always proprietary or unique to a single firm. Clearly b is wrong and a and d may be true in some cases, but c is always the case.

Page reference: 26

*c. are always a proprietary capability of the firm

Feedback: Ownership advantages are always proprietary or unique to a single firm. Clearly b is wrong and a and d may be true in some cases, but c is always the case.

Page reference: 26

d. are always the result of government favouritism

Feedback: Ownership advantages are always proprietary or unique to a single firm. Clearly b is wrong and a and d may be true in some cases, but c is always the case.

Page reference: 26

Type: true-false

Title: Chapter 02 - Question 08

8) By utilizing an international pool of suppliers, multinational enterprises are able to lower production costs.

*a. True

Feedback: The statement is likely to be true because specialist suppliers may have access to lower cost resources, greater scale, or innovative technology. If they did not offer a cost advantage the buyer is likely to undertake the activity itself (internalize it).

Page reference: 35

b. False

Feedback: The statement is likely to be true because specialist suppliers may have access to lower cost resources, greater scale, or innovative technology. If they did not offer a cost advantage the buyer is likely to undertake the activity itself (internalize it).

Page reference: 35

Type: true-false

Title: Chapter 02 - Question 09

9) Opportunity cost is measured as the most attractive alternative given up when a choice is made.

*a. True

Feedback: The statement is a precise definition of the concept of opportunity cost as the next best alternative foregone.

Page reference: 26

b. False

Feedback: The statement is a precise definition of the concept of opportunity cost as the next best alternative foregone.

Page reference: 26

Type: true-false

Title: Chapter 02 - Question 10

10) Intellectual property is property that is the product of intellectual activity.

*a. True

Feedback: The statement is true as intellectual property is the result of applied intellectual activity such as creativity.

Page reference: 25

b. False

Feedback: The statement is true as intellectual property is the result of applied intellectual activity such as creativity.

Page reference: 25

Type: true-false

Title: Chapter 02 - Question 11

11) Location advantages are the set of strengths characterizing a specific location and usable by firms operating in that location.

***a. True**

Feedback: Location advantages are those advantages linked to a particular location and available to all firms operating there. An example is Kenya's climate which makes it suitable for producing coffee.

Page reference: 28

b. False

Feedback: Location advantages are those advantages linked to a particular location and available to all firms operating there. An example is Kenya's climate which makes it suitable for producing coffee.

Page reference: 28

Type: true-false

Title: Chapter 02 - Question 12

12) Property rights can be defined as legal rights over the use of a resource and any income generated by that resource.

***a. True**

Feedback: This is a correct and precise definition of the economic meaning of property rights.

Page reference: 25

b. False

Feedback: This is a correct and precise definition of the economic meaning of property rights.

Page reference: 25

Type: true-false

Title: Chapter 02 - Question 13

13) Countries that invest in education create a country specific advantage because the workforce is more productive.

***a. True**

Feedback: National investment in productivity enhancing education is a country-specific advantage available to all firms in that country

Page reference: 32

b. False

Feedback: National investment in productivity enhancing education is a country-specific advantage available to all firms in that country

Page reference: 32

Type: true-false

Title: Chapter 02 - Question 14

14) Internationalization is a one-dimensional concept.

a. True

Feedback: The statement is false since there are many different measures of internationalization including number of countries entered, importance of foreign sales as a percentage of total sales etc.

Page reference: 29

***b. False**

Feedback: The statement is false since there are many different measures of internationalization including number of countries entered, importance of foreign sales as a percentage of total sales etc.

Page reference: 29

Type: true-false

Title: Chapter 02 - Question 15

15) A global factory will pursue internalization where market inefficiencies result in unacceptably high transactions costs.

***a.** True

Feedback: True, high costs of using markets encourages the firm to bypass the market by internalising transactions. This creates a multinational enterprise when those transactions cross borders.

Page reference: 48

b. False

Feedback: True, high costs of using markets encourages the firm to bypass the market by internalising transactions. This creates a multinational enterprise when those transactions cross borders.

Page reference: 48

Type: true-false

Title: Chapter 02 - Question 16

16) Offshoring involves the transfer of economic activities abroad.

***a.** True

Feedback: The statement is correct as offshoring means taking overseas. The activities may be outsourced or retained within affiliates of the investing firm.

Page reference: 37

b. False

Feedback: The statement is correct as offshoring means taking overseas. The activities may be outsourced or retained within affiliates of the investing firm.

Page reference: 37

Type: true-false

Title: Chapter 02 - Question 17

17) Globalization results in a greater degree of homogeneity across markets than would be present otherwise.

***a.** True

Feedback: The statement is likely to be true because globalization encourages the diffusion and adoption of a number of processes and behaviours, encouraging increased homogeneity. However, huge differences persist, particularly within areas such as national culture and buyer behaviour.

Page reference: 36

b. False

Feedback: The statement is likely to be true because globalization encourages the diffusion and adoption of a number of processes and behaviours, encouraging increased homogeneity. However, huge differences persist, particularly within areas such as national culture and buyer behaviour.

Page reference: 36

Type: true-false

Title: Chapter 02 - Question 18

18) A global supply chain comprises the interrelated organizations, resources, and processes that create and deliver products and services to end customers.

***a.** True

Feedback: This is a correct definition of what is meant by a global supply chain.

Page reference: 37

b. False

Feedback: This is a correct definition of what is meant by a global supply chain.

Page reference: 37

Type: true-false

Title: Chapter 02 - Question 19

19) Knowledge spillovers are considered externalities

***a.** True

Feedback: Investments in knowledge creation (for example by R&D) by one party create knowledge spillovers with positive externality effects when such knowledge can be captured by others at no cost.

Page reference: 42

b. False

Feedback: Investments in knowledge creation (for example by R&D) by one party create knowledge spillovers with positive externality effects when such knowledge can be captured by others at no cost.

Page reference: 42

Type: true-false

Title: Chapter 02 - Question 20

20) The difference between the resource based view of the firm and the capabilities view is that the former is static while the latter is dynamic

***a. True**

Feedback: The statement is true since the capabilities view was developed by Teece to provide a dynamic perspective which overcame the static limitations of the resource based view.

Page reference: 25–6

b. False

Feedback: The statement is true since the capabilities view was developed by Teece to provide a dynamic perspective which overcame the static limitations of the resource based view.

Page reference: 25–6