

Test Bank for Global Business Today 6th Hill

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Test Bank

Global Business Today 6ce Edition by Hill Ch01

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) The global economy is moving progressively towards a world in which national economies are relatively isolated from each other.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Topic : 01-01 Introduction

Difficulty : Easy

2) The volume of goods, services and investment crossing national borders expanded faster than did world output every year during the last two decades of the 20th century.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Medium

Topic : 01-03 The Globalization of Markets

3) Currently global markets are mostly markets for consumer products.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Medium

Topic : 01-03 The Globalization of Markets

4) To benefit from the globalization of markets, a company has to be a multinational firm.

- ☐ true
- ☐ false

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Easy

Topic : 01-04 The Globalization of Production

5) Currently most global markets are for industrial goods and materials that serve a universal need the world over.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Topic : 01-04 The Globalization of Production

Difficulty : Hard

6) Although many companies have lowered their overall cost structure and have improved the quality of their products by dispersing their production activities to locations around the world, this activity is confined primarily to large firms.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Topic : 01-04 The Globalization of Production

Difficulty : Hard

7) Sourcing goods and services from locations around the globe is known as the globalization of markets.

- ☐ true
- ☐ false

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalizatio

Difficulty : Medium

Topic : 01-04 The Globalization of Production

8) General Agreement on Tariffs and Trade is what the acronym GATT stands for.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

9) As markets globalize and an increasing proportion of business activity transcends national borders, there is a need for institutions to help manage, regulate and police the global market place.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

10) The International Monetary Fund and the World Bank were both created in 1944 by 44 nations that met at Bretton Woods, New Hampshire.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

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11) The International Monetary Fund (IMF) is often seen as the leader of last resort to nation states whose economies are in economic turmoil.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

Difficulty : Hard

12) FDI occurs when a firm invests resources in business activities outside its home country.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-06 Drivers of Globalization

13) In addition to reducing trade barriers, many countries have also been progressively removing restrictions on barriers to foreign direct investment.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

14) The advanced nations of the East committed themselves after World War II to removing barriers to the free flow of goods, services, and capital between nations.

- ☐ true
- ☐ false

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

15) There is very little evidence that suggests that the lowering of trade barriers has facilitated the globalization of production.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

16) Surprisingly, despite the importance of technology in our everyday lives, technological change has played only a minor role in the globalization of markets.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

17) Since the 1960s, the U.S. has dominated the world economy

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-09 The Changing Demographics of the Global Economy

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18) Most forecasts now predict a rapid rise in world output accounted for by developing nations such as China, India, and South Korea, and a rapid decline in the share enjoyed by rich industrialized countries such as Canada and the United States.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-10 The Changing World Output and World Trade Picture

19) Many of tomorrow's economic opportunities may be found in the developing nations of the world.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-10 The Changing World Output and World Trade Picture

20) In the 1960s global business activity was dominated by large Japanese multinational corporations.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-10 The Changing World Output and World Trade Picture

21) Beginning in the 1970s, European and Japanese firms began to shift labour-intensive manufacturing operations from their home markets to developing nations.

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- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-11 The Changing Foreign Direct Investment Picture

22) Although most international trade and investment is still conducted by large firms, small to medium sized firms are increasingly involved in international trade and investment.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

23) An MNE is any firm that invests outside of its home country.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

24) Between 1995 and 2000 most countries in Eastern Europe saw their Communist governments collapse.

- ☐ true
- ☐ false

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

25) If what is occurring in China continues for two more decades, China may move from a developing to an industrial superpower status even more rapidly than Japan did.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

26) The volume of cross-border trade and investment has been growing more rapidly than global output.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Topic : 01-14 The Global Economy of the Twenty-First Century

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

27) Economists argue that increased international trade and cross-border investments will result in higher prices for goods and services, although there are many benefits to globalization.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-15 The Globalization Debate

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28) It is commonly believed that globalization stimulates economic growth, creates jobs, and raises income levels.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-15 The Globalization Debate

29) The United Kingdom's vote to withdraw from the European Union in 2016, known as "Brexit" can be seen as a popular protest vote.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-16 Antiglobalization Protests

30) If critics of globalization are correct, the decline in labour's share of national income must be due, in part, to moving production to low-wage countries.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-17 Globalization, Jobs, and Income

31) A concern by some is that free trade encourages the movement of manufacturing from developed countries to less developed countries.

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- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

32) Free trade agreements can be tied to tougher environmental and labour laws.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

33) Some Canadian firms have outsourced jobs to developing countries.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

34) National sovereignty is not a concern for those critical of globalization.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-19 Globalization and National Sovereignty

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35) Economic stagnation in some countries is caused in part by their form of government.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-20 Globalization and the World's Poor

36) Managing an international business is not that different from running a purely domestic business.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-06 Show how the process of globalization is giving rise to numerous opportuni

Topic : 01-21 Managing in the Global Marketplace

37) Members of the Fair Labour Association are not subject to independent monitoring.

- ☐ true
- ☐ false

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-07 Understand how establishing and committing to a global supply chain code o

Topic : 01-22 Sustainability in Practice

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

38) According to the opening case, Bombardier is a good example of:

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- A) domestic markets
- B) foreign exchange
- C) globalization of production
- D) outsourcing
- E) deregulation

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Topic : 01-01 Introduction

Difficulty : Medium

39) The trend toward a more integrated and interdependent global economic system that has been in place for many years is commonly referred to as:

- A) market standardization
- B) cross-border integration
- C) globalization
- D) consumerism
- E) nationalization

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Topic : 01-01 Introduction

Difficulty : Easy

40) Sourcing goods and services from locations around the globe is known as _____.

- A) melding of markets
- B) integration of markets
- C) deregulation
- D) globalization of production
- E) globalization of markets

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Easy

Topic : 01-02 What Is Globalization?

41) Currently, most global markets are markets for what type of product?

- A) Consumer goods
- B) Industrial goods
- C) National products
- D) Deregulated products
- E) Local goods

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Medium

Topic : 01-03 The Globalization of Markets

42) The globalization of _____ refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, land, and capital).

- A) information technology
- B) process design
- C) markets
- D) production
- E) R&D

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Easy

Topic : 01-04 The Globalization of Production

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43) The factors of production include:

- A) information technology
- B) process design
- C) markets
- D) labour
- E) research and development

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Medium

Topic : 01-04 The Globalization of Production

44) The _____ was created in 1944 by 44 nations that met in Bretton Woods, New Hampshire.

- A) International bank
- B) World Monetary Fund
- C) World Trade Organization
- D) International Monetary Fund
- E) United Nations

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

45) The _____ is seen as the lender of last resort to nation-states whose economies are in turmoil and currencies are losing value against those of other nations.

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- A) International Monetary Fund
- B) International bank
- C) United Nations
- D) Canada's Export Development Corporation
- E) Bank of Canada

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

46) Who is responsible for policing the world trading system?

- A) International Monetary Fund
- B) The World Bank
- C) The World Trade Organization
- D) Canada's Export Development Corporation
- E) Bank of Canada

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

47) What was created at the same time as the International Monetary Fund?

- A) World Bank
- B) GATT
- C) United Nations
- D) Canada's Export Development Corporation
- E) Bank of Canada

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

48) Although this organization is perhaps best known for its peacekeeping role, one of its central mandates is the promotion of higher standards of living, full employment, and conditions of economic and social progress and development. What is it called?

- A) World Bank
- B) GATT
- C) United Nations
- D) Canada's Export Development Corporation
- E) Bank of Canada

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-02 Examine the rise and functions of global institutions.

Topic : 01-05 The Emergence of Global Institutions

49) _____ are the two macro factors that seem to underlie the trend toward greater globalization.

- A) The increase in global economic stability, and the slowdown in technological change
- B) The increase in barriers to the free flow of goods, services, and capital that has occurred since the end of World War II, and global economic stability
- C) The decline in barriers to the free flow of goods, services, and capital that has occurred in the past 10 years, and the slowdown in technological change
- D) The decline in barriers to the free flow of goods, services, and capital that has occurred since the end of World War II, and technological change
- E) Technological change and the convergence of global product preferences

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-06 Drivers of Globalization

Difficulty : Hard

50) A firm exports a number of products to users in other countries. This practice is referred to as _____.

- A) world exchange
- B) international trade
- C) cross-national barter
- D) situational commerce
- E) multinational diversification

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

51) XYZ, Inc. is an auto parts distributing warehouse that exports many of its products to consumers in other countries. XYZ Inc. can be described as engaging in:

- A) international trade.
- B) cross-border investments.
- C) product development.
- D) trading barriers.
- E) international procurement.

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

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52) Which of the following refers to the exporting of goods or services to consumers in another country?

- A) situational commerce
- B) world exchange
- C) international trade
- D) cross-national barter
- E) foreign investment

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

53) Although Inco is a Canadian company, it has invested substantial business resources in activities outside Canada. This practice is referred to as:

- A) transnational commerce
- B) foreign direct investment
- C) international trade
- D) organizational diversification
- E) outsourcing

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

54) The investing of resources in business activities outside a firm's home country is referred to as:

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- A) international trade
- B) domestic direct investment
- C) transnational barter
- D) foreign direct investment
- E) outsourcing

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

55) The _____ is a treaty designed to remove barriers to the free flow of goods, services, and capital between nations.

- A) Global Agreement on Tariffs and Commerce
- B) United Nations Treaty on Trade
- C) General Agreement on Tariffs and Trade
- D) Multinational Agreement on Tariffs and Commerce
- E) The ILO

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

56) After World War II, the West committed to removing trade barriers between nations because of what experience?

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- A) the loss of production from the war
- B) retaliatory trade policies leading to the Depression
- C) the General Agreement on Tariffs and Trade
- D) massive waves of immigrants seeking jobs
- E) the shift away from production to consumption

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

57) Under the umbrella of GATT there have been eight rounds of negotiations among member states. The _____ was the most recent round of negotiations.

- A) Uruguay Round
- B) Malaysian Symposium
- C) German Round
- D) New Zealand Symposium
- E) Cancun Round

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

58) Which of the following was not an outcome of the Uruguay Round of the GATT?

- A) reduced trade barriers
- B) extended GATT to cover services as well as manufactured goods
- C) established the World Trade Organization
- D) provided extended protection for patents, trademarks, and copyrights
- E) reduced agricultural subsidies

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

59) If the Doha talks are ever completed, the biggest gain will come from what?

- A) trademarks
- B) agriculture
- C) intellectual property
- D) consumer goods
- E) manufactured goods

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

60) The agency established at the 1993 Uruguay Round to police the international trading system is the _____.

- A) Global Trade Enforcement Administration
- B) World Tariff and Trade Bureau
- C) International Trade Enforcement Agency
- D) World Trade Organization
- E) The European bank of Reconstruction and Development

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

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61) Suppose Petro Canada, an international oil company, had a complaint about a trade issue. The _____, a governing body established at the Uruguay Round in 1993 to police the international trading system, is an organization that Petro Canada could take its complaint to.

- A) World Trade Organization
- B) International Trade Monitoring Bureau
- C) World Tariff and Trade Agency
- D) International Trade Monitoring Agency
- E) The United Nations

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

62) The acronym WTO stands for:

- A) Western Trade Organization
- B) World Tax Organization
- C) World Trade Organization
- D) World Tariff Organization
- E) World Trade Operations

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

63) In the past decades, many countries, in addition to reducing trade barriers, have done what?

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- A) decreased production
- B) increased wages
- C) removed restrictions to FDI
- D) increased tariffs
- E) joined the United Nations

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

64) Since 1992, most of the world's changes to FDI have done what?

- A) blocked FDI
- B) created a more favourable environment for FDI
- C) had no impact on FDI
- D) decreased production
- E) decreased wealth

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-07 Declining Trade and Investment Barriers

65) Which of the following is a major cause for lowering the trade barriers of markets and production?

- A) Technological change
- B) Increased labour mobility
- C) Elastic demand
- D) Corporate greed
- E) Consumer demand

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

66) _____ is the theory that predicts that the number of transistors on a computer chip doubles every 24 months.

- A) Brennan's Theorem
- B) Bailey's Law
- C) Moore's Law
- D) Ivan's Law
- E) Global Micro Accelerant (GMA) Law

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

67) By 2019 the number of Internet users around the world was estimated to be what?

- A) 5 million
- B) 100 million
- C) 1 billion
- D) 4 billion
- E) 5 billion

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-08 The Role of Technological Change

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68) The Web is viewed as a global what?

- A) equalizer
- B) way of decreasing production
- C) force for decreasing FDI
- D) way of reaching businesses at the expense of consumer
- E) way for government to market to its population

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

69) _____ was not mentioned in our textbook as a major innovation in transportation technology.

- A) Commercial jet aircraft
- B) Super freighters
- C) E-commerce
- D) The introduction of containerization
- E) Both containerization and e-commerce were not mentioned

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

70) As a result of a variety of innovations, the real costs of information processing and communication have _____ over the past two decades.

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- A) fallen slightly
- B) increased slightly
- C) remained constant
- D) fallen dramatically
- E) had no impact on the cost of international business

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

71) According to your textbook, between 1930 and 1990, the cost of a three-minute phone call between New York and London fell from \$244.65 to \$3.32. This decrease can be mainly contributed to

- A) open communication between governments.
- B) the advent of the microprocessor.
- C) continuing efforts to globalize.
- D) high corporate ethical standards.
- E) the deregulation of the telecommunications industry.

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-08 The Role of Technological Change

72) Over the past fifty years, which country dominated the world trade picture?

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- A) China
- B) Canada
- C) The United Kingdom
- D) The United States
- E) India

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-09 The Changing Demographics of the Global Economy

73) The globalization of markets and production and the resulting growth of world trade, foreign direct investment, and imports all imply that firms are finding their home markets under attack from foreign competitors. This is most true in which country?

- A) China
- B) Canada
- C) The United Kingdom
- D) The United States
- E) India

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-10 The Changing World Output and World Trade Picture

74) Many of the changes that countries have made pertaining to foreign direct investment regulations have:

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- A) made it harder for foreign companies to enter their markets
- B) made it easier for foreign companies to enter their markets
- C) had no effect on the ease upon which foreign companies can enter their markets
- D) made it easier to foreign producers of raw materials to enter their markets but more difficult for foreign producers of finished products to enter their markets
- E) prevented the expropriation of business assets by a foreign government

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-11 The Changing Foreign Direct Investment Picture

75) The steep drop in world trade occurred when?

- A) 1950-1951.
- B) 1955-1956.
- C) 1995-1996.
- D) 2005-2006.
- E) 2008-2009.

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-11 The Changing Foreign Direct Investment Picture

76) According to our textbook, the growing integration of the world economy is:

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- A) increasing the intensity of competition within the home market of a company in a wide range of manufacturing and service industries
- B) decreasing the intensity of global competition in manufacturing industries, and increasing the intensity of domestic competition in services
- C) increasing the intensity of global competition in manufacturing industries, and decreasing the intensity of domestic competition in services
- D) narrowing the scope of global competition in a wide range of service, commodity, and manufacturing industries
- E) Widening the opportunities for competing with manufacturing companies within their home market and narrowing the opportunities for competing with service companies in their home market.

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-11 The Changing Foreign Direct Investment Picture

77) Although the characteristics of the global economy have changed dramatically over the past 50 years, as late as the 1960s all of the following demographic characteristics were true except:

- A) the U.S. dominated the world economy
- B) small, U.S. entrepreneurial firms dominated the international business scene
- C) the U.S. dominated the world foreign direct investment picture
- D) the U.S. was the world's largest industrial power
- E) the U.S. dominated world trade

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

78) Since the 1960s, what has been a notable trend regarding multinational enterprises?

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- A) the decline of the multinational enterprise
- B) the decline of the Canadian multinational enterprise
- C) the rise of non-U.S. multinationals
- D) the decline of the Japanese multinational enterprise
- E) the rise of U.S. multinationals

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

79) What kind of enterprise is a business that has productive activities in two or more countries?

- A) cross-cultural
- B) multinational
- C) varied-national
- D) diverse-national
- E) multi-domestic

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

80) Recently there has been _____ in the number of smaller firms that are multinationals.

- A) a significant growth
- B) no change
- C) a significant decline
- D) some growth
- E) some decline

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

81) General Electric Corporation has productive activities in a number of countries. As a result, it would be appropriate to refer to General Electric as a _____ corporation.

- A) transnational
- B) diverse-national
- C) cross-national
- D) multinational
- E) global

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

82) Iceculture Inc., of Ontario exports around the world. It would be considered to be a _____ company

- A) multinational
- B) transnational
- C) cross-border national
- D) mini-multinational
- E) U.S.- dominated

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

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83) Since the 1960s, there have been two notable trends in the demographics of the multinational enterprise. These two trends have been:

- A) the rise of non-U.S. multinationals and the disappearance of mini-multinationals
- B) the decline of non-U.S. multinationals and the decline of mini-multinationals
- C) the decline of non-U.S. multinationals and the growth of mini-multinationals
- D) the rise of non-U.S. multinationals and the growth of mini-multinationals
- E) the rise of U.S. multinationals and the growth of mini-multinationals

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

84) If we look into the future, most forecasts now predict a _____ in world output accounted for by developing nations such as China, India, Indonesia, and South Korea, and a _____ in the share enjoyed by rich industrialized countries such as Britain, Japan, and the United States.

- A) rapid rise; rapid decline
- B) slight rise; slight decline
- C) rapid decline; rapid rise
- D) rapid rise; slight decline
- E) stay the same; slight decline

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

85) The relative decline of the developed countries' share of world output _____.

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- A) will reduce the living standards of the citizens of developed countries.
- B) will increase competition for scarce resources and create political instability.
- C) reflects the growing economic and industrial strength of developing countries.
- D) will decrease prices but also reduce wages in Canada
- E) will decrease job opportunities in Canada

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

86) Which of the following is an example of a developing nation?

- A) Thailand
- B) Britain
- C) Japan
- D) United States
- E) Canada

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

87) In the 1960s, what was then seen as an economic threat to Europe?

- A) The dominance of U.S. firms
- B) Technological innovations
- C) Low-cost transportation
- D) Low-cost global communication networks
- E) Reduction in trade barriers

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

88) Throughout the 1990s, the amount of investment directed at both developed and developing nations did what?

- A) stayed the same
- B) decreased
- C) increased
- D) was highly variable
- E) decreased, then increased

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

89) Among developing nations, the largest recipient of foreign direct investment has been which country?

- A) China
- B) India
- C) Japan
- D) Canada
- E) the United States

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

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90) The economies of most of the former Communist countries can best be described as:

- A) in poor condition with high risk associated with doing business there
- B) steady growth, especially since 2009
- C) dominated by multinationals
- D) robust and growing stronger
- E) closed to many international businesses due to high tariffs

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

91) Which of the following statements is not true regarding the majority of Latin American countries?

- A) governments are selling state-owned enterprises to private investors
- B) foreign investment is welcome
- C) debt and inflation are down
- D) neither democracy nor free market reforms have seemed to take hold
- E) None of these answers is correct

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-13 The Changing World Order

92) The last quarter of the 20th century experienced _____ in the global economy.

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- A) increased stability
- B) slow-moving
- C) virtually no changes
- D) rapid changes
- E) great concerns over potential disruptions

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-14 The Global Economy of the Twenty-First Century

93) Economists argue that increased international trade and cross-border investments will result in _____ prices for goods and services.

- A) higher
- B) stable
- C) lower
- D) unstable
- E) variable

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-15 The Globalization Debate

94) _____ is not a benefit of globalization.

- A) Lowering prices for goods
- B) Raising the incomes of consumers
- C) Slowing economic growth
- D) Helping to create jobs in all countries that choose to participate
- E) More leisure time

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-15 The Globalization Debate

95) Benefits of globalization include:

- A) Falling barriers to trade and investment drive prosperity
- B) Increased trade and investment will lower prices for goods and services
- C) Increased income of consumers
- D) Creates jobs in all countries that participate in global trade
- E) All of these options

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-16 Antiglobalization Protests

96) One frequently voiced concern about globalization is that it destroys manufacturing jobs in wealthy advanced economies such as Canada. The basic thrust of the critics' argument is:

- A) developing nations will recruit employees from the more advanced economies, thereby depleting their labour pools
- B) globalization increases the pace of the shift from a world economy based on manufactured goods to a world economy based on services
- C) falling trade barriers allows firms to move their manufacturing activities offshore to countries where wage rates are much lower
- D) the governments of developing countries will heavily subsidize their primary industries, making competing products produced in advanced economies less attractive
- E) Canadian workers are overpaid and the true value of a manufacturing job is much lower

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-17 Globalization, Jobs, and Income

97) Outsourcing has even extended to the Canadian _____ industry.

- A) auto
- B) mineral extraction
- C) services
- D) home construction
- E) lumber

Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-17 Globalization, Jobs, and Income

98) Critics use the following argument to suggest that globalization is a contributing factor to an increase in pollution.

- A) globalization results in an increase in the amount of activity that takes place in companies that do not have adequate pollution controls
- B) globalization results in increased commerce between countries, which results in an increase in the amount of transportation activity (e.g. trains, barges, air cargo, trucks, etc.)
- C) firms that operate in countries that have adequate pollution regulations have a tendency to move their manufacturing operations to countries that have less stringent or no pollution controls to avoid the cost of regulation
- D) globalization results in increased production, which has the undesirable side-effect of increased pollution
- E) people in developing countries are used to coping with more pollution

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

99) What does the CUSMA stand for?

- A) Canada-US-Mexico free trade agreement
- B) North American free trade agreement 2.0
- C) Canadian Union of Shop Manufacturing Associations
- D) US-Canada-Mexico free trade agreement
- E) Canadian-American-Mexican free trade agreement

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

100) Many critics of globalization argue that outsourcing leads to increased use of _____ labour practices in developing countries.

- A) exploitive
- B) fair
- C) underground
- D) neo-colonialist
- E) non-competitive

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-18 Globalization, Labour Policies, and the Environment

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101) What is the primary purpose of the World Trade Organization?

- A) arbitrate of trade disputes
- B) act as a "watchdog" for countries that lower their pollution standards in an effort to attract more foreign manufacturing activity
- C) set tariffs for countries that signed the GATT agreement
- D) monitor the implementation of trade agreements such as NAFTA
- E) reduce the number of job losses in member countries

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-19 Globalization and National Sovereignty

102) Supranational organizations such as the WTO are criticized for

- A) interfering in the regulation of prices of a country's natural resources.
- B) ruling in favour of rich western countries at the expense of poor developing countries.
- C) focusing on economics and not on democracy and environmental responsibility.
- D) limiting its actions to what the WTO member states agree to.
- E) encouraging economic stagnation in poor countries so that rich countries can grow faster.

Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-19 Globalization and National Sovereignty

103) The world's poorest nations have also faced _____.

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- A) standardization
- B) alignment
- C) global simplification
- D) economic stagnation
- E) consumerization

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-20 Globalization and the World's Poor

104) Managing an international business is different from managing a purely domestic business for all of the following reasons except:

- A) countries are different
- B) international transactions involve converting money into different currencies
- C) the range of problems confronted by a manager in an international business are narrower than those confronted by a manager in a domestic business
- D) an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system
- E) different languages have to be learned

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-06 Show how the process of globalization is giving rise to numerous opportuni

Topic : 01-21 Managing in the Global Marketplace

105) The closing Tim Hortons case study is an example of what?

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- A) how easily Canadian firms can enter the US market
- B) the similarity of Canadian and US consumer tastes
- C) Canadian firms buying up US firms
- D) protests against globalization
- E) the difficulty of Canadian firms expanding internationally

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-06 Show how the process of globalization is giving rise to numerous opportuni

Topic : 01-21 Managing in the Global Marketplace

106) The Sustainability in Practice section focuses on measures that the Adidas Group has taken to sustainability regarding: _____

- A) supply chain management and supplier labour standards
- B) Supply chain management
- C) labour standards
- D) materials used in production
- E) efficient water and stormwater management

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-07 Understand how establishing and committing to a global supply chain code o

Topic : 01-22 Sustainability in Practice

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

107) Describe the concept of globalization. What are the major opportunities and challenges that globalization has created for business organization?

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Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Easy

Topic : 01-02 What Is Globalization?

Topic : 01-03 The Globalization of Markets

Topic : 01-04 The Globalization of Production

108) Describe the two main facets of globalization. Explain how each of these components of globalization has helped create the shift towards a more integrated world economy.

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-01 Define the terms globalization, globalization of markets, and globalizatio

Difficulty : Medium

Topic : 01-03 The Globalization of Markets

Topic : 01-04 The Globalization of Production

109) Describe the meaning of the term "trade barriers"? What measures have been taken by the world community to reduce the impact of trade barriers on international trade?

Question Details

Accessibility : Keyboard Navigation

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Difficulty : Hard

Topic : 01-07 Declining Trade and Investment Barriers

110) Describe the impact of the development of the World Wide Web on global commerce.

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-03 Recognize why globalization and innovation are now proceeding at a rapid r

Topic : 01-08 The Role of Technological Change

111) Define the term "foreign direct investment (FDI)." How does the term "foreign direct investment" differ from the term "international trade?"

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-09 The Changing Demographics of the Global Economy

Topic : 01-10 The Changing World Output and World Trade Picture

Topic : 01-11 The Changing Foreign Direct Investment Picture

112) You manage a company that produces and sells cameras that work under water. The camera bodies are made in China, in a facility your company owns, and which employs about 500 people. The electronics for the camera are bought from a supplier in South Korea. The lens and optics are made in your own facility in Japan, which employs about 300 people. The final product is also assembled and packaged at this facility in Japan. Your company currently employs about 350 people in Canada (head office functions, advertising, legal, and sales). You are a successful company, in business for many years, and you hope to expand your sales around the globe.

What is this type of company called?

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

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113) You manage a company that produces and sells cameras that work under water. The camera bodies are made in China, in a facility your company owns, and which employs about 500 people. The electronics for the camera are bought from a supplier in South Korea. The lens and optics are made in your own facility in Japan, which employs about 300 people. The final product is also assembled and packaged at this facility in Japan. Your company currently employs about 350 people in Canada (head office functions, advertising, legal, and sales). You are a successful company, in business for many years, and you hope to expand your sales around the globe.

What are some other examples of this type of firm?

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

114) You manage a company that produces and sells cameras that work under water. The camera bodies are made in China, in a facility your company owns, and which employs about 500 people. The electronics for the camera are bought from a supplier in South Korea. The lens and optics are made in your own facility in Japan, which employs about 300 people. The final product is also assembled and packaged at this facility in Japan. Your company currently employs about 350 people in Canada (head office functions, advertising, legal, and sales). You are a successful company, in business for many years, and you hope to expand your sales around the globe.

What have been the two most notable trends in these types of enterprises since the 1960s?

Question Details

Accessibility : Keyboard Navigation

Difficulty : Easy

Learning Objective : 01-04 Illustrate the changing demographics of the global economy.

Topic : 01-12 The Changing Nature of the Multinational Enterprise

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115) Discuss the primary advantages and disadvantages of globalization. Do you believe the advantages outweigh the disadvantages? How can the effects of the disadvantages of globalization be reduced?

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-05 Explain the main arguments in the debate over the impact of globalization

Topic : 01-15 The Globalization Debate

Topic : 01-16 Antiglobalization Protests

Topic : 01-17 Globalization, Jobs, and Income

Topic : 01-18 Globalization, Labour Policies, and the Environment

Topic : 01-19 Globalization and National Sovereignty

Topic : 01-20 Globalization and the World's Poor

116) Country competitiveness is not something that is permanent or fixed. The dominant features of the global economy are the rapid changes relative economic and competitive status of different countries. Canada is not immune to these changes. We have seen our total share of the global economy decrease and the loss of many industries. The anti-globalization movement has been active in Canada. In particular they have been critical of multinational corporate power and argued against global and regional agreements on economic growth and the lowering of trade barriers. Others feel that globalization is inevitable and contributes to the well being of people around the world.

- a. Consider the overall impact of globalization on Canada from the perspective of a software developer-has it been positive or negative? Explain your answer.
- b. What kinds of strategies could a Canadian developer of software employ to reduce the negative impacts and take advantage of the positive aspects? Explain your answer.

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Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Learning Objective : 01-06 Show how the process of globalization is giving rise to numerous opportuni

Topic : 01-21 Managing in the Global Marketplace

117) Why is international trade important to Canada?

Question Details

Accessibility : Keyboard Navigation

Difficulty : Hard

Topic : 01-20 Globalization and the World's Poor

Learning Objective : 01-06 Show how the process of globalization is giving rise to numerous opportuni

118) What measures can global companies take to prove a commitment to sustainability?
Provide an example of a real company's practices.

Question Details

Accessibility : Keyboard Navigation

Difficulty : Medium

Learning Objective : 01-07 Understand how establishing and committing to a global supply chain code o

Topic : 01-22 Sustainability in Practice

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Answer Key

Test name: Ch01

- 1) FALSE
- 2) TRUE
- 3) FALSE
- 4) FALSE
- 5) TRUE
- 6) FALSE
- 7) FALSE
- 8) TRUE
- 9) TRUE
- 10) TRUE
- 11) TRUE
- 12) TRUE
- 13) TRUE
- 14) FALSE
- 15) FALSE
- 16) FALSE
- 17) TRUE
- 18) TRUE
- 19) TRUE
- 20) FALSE
- 21) TRUE
- 22) TRUE
- 23) FALSE
- 24) FALSE
- 25) TRUE
- 26) TRUE

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- 27) FALSE
- 28) TRUE
- 29) TRUE
- 30) TRUE
- 31) TRUE
- 32) TRUE
- 33) TRUE
- 34) FALSE
- 35) TRUE
- 36) FALSE
- 37) FALSE
- 38) C
- 39) C
- 40) D
- 41) B
- 42) D
- 43) D
- 44) D
- 45) A
- 46) C
- 47) A
- 48) C
- 49) D
- 50) B
- 51) A
- 52) C
- 53) B
- 54) D
- 55) C
- 56) B

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- 57) A
- 58) E
- 59) B
- 60) D
- 61) A
- 62) C
- 63) C
- 64) B
- 65) A
- 66) C
- 67) D
- 68) A
- 69) C
- 70) D
- 71) B
- 72) D
- 73) A
- 74) B
- 75) E
- 76) A
- 77) B
- 78) C
- 79) B
- 80) A
- 81) D
- 82) D
- 83) D
- 84) A
- 85) C
- 86) A

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- 87) A
- 88) C
- 89) A
- 90) A
- 91) D
- 92) D
- 93) C
- 94) C
- 95) E
- 96) C
- 97) C
- 98) C
- 99) A
- 100) A
- 101) A
- 102) C
- 103) D
- 104) C
- 105) E
- 106) A

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107) Globalization refers to a fundamental shift that is occurring in the world economy. The world is progressively moving away from a structure in which national economies are relatively isolated from each other, towards a structure in which national economies are merging into one huge interdependent global economic system. This trend is commonly referred to as globalization. The trend towards globalization is creating many opportunities for businesses to expand their revenues, drive down their costs, and boost their profits. For example, many Canadian firms are now exporting to previously closed foreign markets. By doing so, these firms are simultaneously expanding their sales and driving down their costs through additional economies of scale.

Globalization has also created challenges for business organizations. For example, managers now have to grapple with a wide range of globalization related issues. Examples of these issues include: should we export, should we build a plant in a foreign country, should we modify our products to suite the tastes of each of our foreign customers, and how do we respond to foreign competition? These questions often do not have easy answers, but are very important to the future competitiveness of business organizations.

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108) The two main components of globalization are the globalization of markets and the globalization of production. The globalization of markets refers to the fact that in many industries historically distinct and separate national markets are merging into one huge global marketplace. The globalization of production refers to the tendency among many firms to source goods and services from different locations around the world in an attempt to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, and capital). Both of these components of globalization have helped create the shift towards a more integrated world economy. The globalization of markets has created a "global" interest in many products, such as Coca-Cola, the Apple iPhones, and Levi jeans. This "sharing of interest" in products across national borders has facilitated the trend towards a more integrated world economy. The globalization of production has resulted in a substantial increase in the number of business relationships between companies from different countries. This increase in the number and intensity of interrelationships between companies from different countries has also facilitated the trend towards a more integrated world economy.

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109) Trade barriers are the regulations, tariffs, and other activities that are put in place by governments for the purpose of protecting their domestic industries from "foreign competition." For example, a country may impose a stiff tariff on the import of foreign produced automobiles. That makes it very difficult (i.e., creates a substantial barrier) for foreign produced cars to be sold in their country. The world community has taken a number of measures to not only lessen the impact of trade barriers on international trade, but to remove trade barriers altogether. The General Agreement on Tariffs and Trade (GATT) has been an ongoing effort to remove and reduce trade barriers worldwide. Under the umbrella of GATT, there have been eight rounds of negotiations among member states, designed to lower and/or reduce all forms of trade barriers. To provide the GATT treaty some teeth, the recently completed Uruguay Round of GATT established the World Trade Organization (WTO) which polices the international trading system. Although the WTO cannot compel a nation to comply with the GATT treaty, it can recommend that other member nations impose sanctions on the offending party. Other business organizations, governments, trade groups, and not-for-profit organizations are working hard to reduce and remove trade barriers. The Doha and Cancun rounds have focused on the question of agricultural subsidies used by developed countries to support their farmers. These agricultural subsidies have made it almost impossible for developing country farmers to compete.

110) Viewed globally, the internet has emerged as the great equalizer. There is no geography on the Web and costs to provide extensive information and product offerings are low when compared to other more traditional means of doing business. It is a powerful dislocating force that rolls back some constraints of location, scale, and time zones. The Web allows businesses, both small and large, to expand their global presence at a lower cost than ever before.

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111) Foreign direct investment occurs when a firm invests resources in business activities outside its home country. For example, a Canadian firm may invest in a production facility in Italy. International trade occurs when a firm exports goods or services to consumers in another country. The difference between the terms is that the term "international trade" does not necessarily mean that a firm is investing resources in business activities outside its home country the firm could be simply exporting domestically produced products to a foreign country.

112) It is a multinational enterprise. A multinational enterprise is any business that has productive activities in two or more countries.

113) There are many multinational enterprises, including General Motors, Sony, General Electric, Exxon, and Toyota.

114) The two most notable trends in multinational enterprises since the 1960s have been (1) the rise of non-U.S. multinationals; and (2) the growth of mini-multinationals. Mini-multinationals are small and medium-sized international firms. The role of these firms is likely to gain momentum in the future.

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115) There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. Conversely, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. In regard to destroying manufacturing jobs, the basic thrust of the critics' argument is that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. This activity, if it occurs, has the undesirable side-effect of eliminating manufacturing jobs in the industrialized country. In regard to pollution, the critics of globalization argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries. This activity increases worldwide pollution. The final section of the question is designed to encourage classroom discussion and/or to encourage students to "think" about how these undesirable side-effects of globalization can be reduced.

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116) There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. Conversely, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. In regard to destroying manufacturing jobs, the basic thrust of the critics' argument is that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. This activity, if it occurs, has the undesirable side-effect of eliminating manufacturing jobs in the industrialized country. In regard to pollution, the critics of globalization argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries. This activity increases worldwide pollution.

The final section of the question is designed to encourage classroom discussion and/or to encourage students to "think" about how these undesirable side-effects of globalization can be reduced.

117) Canada's exports contributed about 32% of our GDP in 2019. We have a trade surplus overall meaning we are exporting more than we are importing. Many jobs and FDI are dependent upon international trade. Canada needs international trade in order to maintain its standard of living. However, Canada's standard of living has been decreasing relative to the United States and unless Canada begins to increase their productivity and international sales, the standard of living will continue to decrease.

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118) In the case of Adidas Group, the company implemented a "Workplace Standards" set of policies that establish a supply chain code of conduct, which includes provisions covering workers' health and safety and environmentally sound factory operations. To enforce compliance the company enlists a double prong approach: (1) multilevel monitoring and enforcement—including a rating system that influences the decision to continue or sever business relationships with suppliers—and (2) unannounced independent assessments to demonstrate the credibility of the information collected.

In addition to these measures, Adidas is a member of the Fair Labor Association (FLA), so is subject to external assessment by independent monitors and public reporting.

Students may add additional measures to their answer, such as in the materials they use in production, or their efficient use of natural resources.