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Test Bank for Global Strategy 1st Li

TEST BANK SAMPLE PREVIEW

PUBLISHER
Sage

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2026

RESOURCE TYPE
Test Bank

ISBN
9781071894187

Test Bank for Global Strategy 1st Edition by Li, Shaheer

ISBN: 9781071894187

Global Strategy (1st)

ISBN 9781071894187 | Chapter 1: Global Strategy: A Market Creation Approach

Total Questions: 50

Easy

Multiple Choice (3)

Q1. *[Multiple Choice]*

If a company faces sudden and unexpected changes that can last for unknown durations, it is experiencing ______.

- **a)** complexity
- **b) volatility ✓ correct**
- **c)** uncertainty
- **d)** ambiguity

Q2. *[Multiple Choice]*

What is global strategy?

- **a) the art of navigating the diverse and turbulent global business environment ✓ correct**
- **b)** the art of navigating local markets
- **c)** the practice of focusing solely on domestic markets
- **d)** the strategy of ignoring customer needs

Q3. *[Multiple Choice]*

Which dimension of the VUCA framework arises from imperfect or unknown information?

- **a)** complexity
- **b)** volatility
- **c) uncertainty ✓ correct**
- **d)** ambiguity

True/False (8)

Q4. *[True/False]*

A market creation approach focuses solely on extending successful domestic strategies to international markets.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q5. *[True/False]*

Global strategy is primarily concerned with navigating local markets.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q6. *[True/False]*

Leveraging unique resources and capabilities is the focus of leverage logic.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q7. *[True/False]*

Market-creating innovations aim to maintain the complexity and high cost of products.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q8. *[True/False]*

The "0 to 1" approach in global strategy focuses on replicating existing successful businesses across different markets.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q9. *[True/False]*

The "0 to M" view of global strategy involves integrating traditional strategies and entrepreneurial innovations.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q10. *[True/False]*

The market creation approach views global strategy as a continuous journey of discovering and serving unique customer needs.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q11. *[True/False]*

Volatility refers to expected and predicted changes.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Medium

Multiple Choice (18)

Q12. *[Multiple Choice]*

According to the text, which factor contributes to social grand challenges?

- **a)** lack of innovation by MNOs
- **b)** insufficient international trade agreements
- **c)** overreliance on government aid programs
- **d) rising public concerns over excessive corporate profits ✓ correct**

Q13. *[Multiple Choice]*

If an MNO focuses on transforming complicated and expensive products into simple and affordable ones, it is engaging in market ______.

- **a)** exploitation
- **b)** segmentation
- **c) creation ✓ correct**
- **d)** saturation

Q14. *[Multiple Choice]*

In ambiguous situations, what is impossible to pinpoint?

- **a)** success or failure
- **b) causes leading to effects ✓ correct**
- **c)** known and inferred information
- **d)** predictable outcomes

Q15. *[Multiple Choice]*

In the context of global strategy, what does the approach of "0 to 1" refer to?

- **a)** replicating a successful business across multiple markets
- **b) creating new markets with innovative businesses ✓ correct**
- **c)** focusing on existing customer needs
- **d)** scaling down operations in foreign markets

Q16. *[Multiple Choice]*

Large MNCs adapt their strategies in the modern competitive landscape by ______.

- **a)** continuing traditional strategies without changes
- **b) incorporating entrepreneurial strategies to meet unique country needs ✓ correct**
- **c)** avoiding technological advancements
- **d)** focusing exclusively on their home markets

Q17. *[Multiple Choice]*

The primary goal of a market creation approach in global strategy is to ______.

- **a)** replicate successful domestic strategies in foreign markets
- **b) continuously identify and address unmet customer needs in different markets ✓ correct**
- **c)** reduce production costs by standardizing processes
- **d)** maintain a competitive position in a stable industry

Q18. *[Multiple Choice]*

What challenge is associated with a market creation approach?

- **a)** It relies too heavily on standardization.
- **b) It can result in higher costs for research and frequent failures. ✓ correct**
- **c)** It minimizes the need for innovation.
- **d)** It focuses primarily on established markets.

Q19. *[Multiple Choice]*

What does the "0 to M" view of global strategy emphasize?

- **a) combining entrepreneurial and traditional strategies ✓ correct**
- **b)** solely focusing on existing markets
- **c)** ignoring multicultural customer segments
- **d)** limiting operations to domestic markets

Q20. *[Multiple Choice]*

What is a key characteristic of market-creating innovations?

- **a)** maintaining the complexity and high cost of products
- **b)** transforming products into complex and inaccessible ones
- **c) making products simple and affordable, reaching new consumer segments ✓ correct**
- **d)** exploiting existing markets without any changes

Q21. *[Multiple Choice]*

What is a key factor for success according to opportunity logic?

- **a)** establishing a strong market position
- **b)** developing unique resources
- **c) capturing fleeting opportunities quickly ✓ correct**
- **d)** reducing operational costs

Q22. *[Multiple Choice]*

What is the primary goal of a global strategy?

- **a)** to reduce costs
- **b)** to create new regulations that apply across a multitude of countries
- **c)** to hire more employees
- **d) to maintain superior performance in a global business environment ✓ correct**

Q23. *[Multiple Choice]*

What is the primary purpose of traditional global strategy for most MNCs?

- **a)** innovating new products for home markets
- **b)** limiting international operations
- **c)** reducing domestic market share
- **d) identifying and adapting current products to foreign markets ✓ correct**

Q24. *[Multiple Choice]*

What must companies do when managing complexity?

- **a)** Focus on short-term adjustments.
- **b)** Avoid collaboration with stakeholders.
- **c)** Ignore the interrelated factors.
- **d) Embed themselves deeply in networks of specialists. ✓ correct**

Q25. *[Multiple Choice]*

Which approach can MNOs adopt to win back global support for globalization?

- **a)** focusing on selling current products with minor adjustments
- **b) adopting a market creation approach ✓ correct**
- **c)** expanding their operations aggressively
- **d)** promoting global economic integration

Q26. *[Multiple Choice]*

Which strategy does the text suggest when addressing environmental sustainability?

- **a)** dumping surplus products
- **b)** exploiting environmental resources for profit
- **c) restructuring production processes and adopting environmentally friendly technologies ✓ correct**
- **d)** ignoring climate risk and focusing solely on profit maximization

Q27. *[Multiple Choice]*

Why can P&G's development of the Connect+ platform be seen as part of a market creation approach?

- **a) It focuses on addressing unique user needs with new product ideas. ✓ correct**
- **b)** It relies solely on existing popular brands.
- **c)** It minimizes research and development efforts.
- **d)** It emphasizes mass production of standardized products.

Q28. *[Multiple Choice]*

Why did Best Buy adopt a market creation approach by offering smart home installations?

- **a)** to reduce its operating costs
- **b)** to compete with independent sellers on Amazon
- **c) to focus on selling individual products ✓ correct**
- **d)** to avoid technological innovation

Q29. *[Multiple Choice]*

Why do gamers like John Ramos need to be strategic in the play-to-earn model?

- **a)** to avoid gaming regulations
- **b) to constantly earn money by targeting customers globally ✓ correct**
- **c)** to play more games
- **d)** to sell their gaming consoles

True/False (7)

Q30. *[True/False]*

Ambiguity requires companies to embrace the courage to face the unknown unknowns.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q31. *[True/False]*

In a VUCA world, MNOs can accurately predict the outcome of their strategic actions.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q32. *[True/False]*

MNOs can address social grand challenges by developing innovative solutions with profit potential.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q33. *[True/False]*

Modern start-ups use technologies like big data and AI to challenge established MNCs.

- **a) True ✓ correct**
- **b)** False

Correct answer: True

Q34. *[True/False]*

Opportunity logic is most effective in highly stable industry conditions.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q35. *[True/False]*

Position logic is most effective when industry conditions are highly dynamic.

- **a)** True
- **b) False ✓ correct**

Correct answer: False

Q36. *[True/False]*

To address grand challenges effectively, MNOs should focus solely on exploiting existing markets.

a) True

b) False ✓ correct

Correct answer: False

Essay (4)

Q37. *[Essay]*

Compare and contrast the "1 to n" and "0 to 1" approaches in global strategy, providing examples of when each might be more effective.

> ***Suggested answer:*** *Sample response: The "1 to n" approach focuses on replicating a successful business model across multiple markets with necessary local adaptations. For example, a well-established fast-food chain expanding internationally by opening similar outlets in different countries exemplifies this approach. In contrast, the "0 to 1" approach involves creating entirely new markets with innovative products and services. A start-up developing a unique fintech solution to address specific financial needs in underserved regions represents this strategy. The "1 to n" approach is effective for scaling proven models, while the "0 to 1" approach is better for entering new markets with unmet needs.*

Q38. *[Essay]*

Explain how the "0 to M" approach can help a traditional MNC adapt to the modern competitive landscape.

> ***Suggested answer:*** *Sample response: The "0 to M" approach integrates both traditional and entrepreneurial strategies, allowing a traditional MNC to embrace multicultural and multilateral perspectives while creating new markets. This holistic view encourages leveraging local assets within multinational networks and addressing the unique needs of diverse customer segments, helping the MNC stay competitive against technology-enabled start-ups.*

Q39. *[Essay]*

Explain the core concept of a market creation approach to global strategy.

> ***Suggested answer:*** *Sample response: A market creation approach in global strategy involves continuously scanning the global business environment to identify unmet needs, predicting and testing market demands, and structuring activities to capture opportunities. It emphasizes innovation and addressing unique customer needs in different markets rather than replicating successful domestic strategies internationally.*

Q40. *[Essay]*

What is the primary difference between position logic and leverage logic in the context of global strategy?

> ***Suggested answer:*** *Sample response: The primary difference between position logic and leverage logic is that position logic focuses on securing an advantageous strategic position within a stable industry by either differentiating from competitors or achieving cost leadership. In contrast, leverage logic emphasizes the development, possession, and exploitation of unique and valuable resources and capabilities in the current market, allowing the company to maintain a competitive advantage even in moderately dynamic industries.*

Hard

Multiple Choice (4)

Q41. *[Multiple Choice]*

A company decides to implement a leverage logic strategy in a moderately dynamic industry. What should be its primary focus to maintain a competitive advantage?

a) establishing a low-cost production

b) developing unique and valuable resources ✓ correct

c) standardizing its products globally

d) quickly adapting to regulatory changes

Q42. *[Multiple Choice]*

An MNC using an aggregation strategy in different countries faces resistance in one market due to local preferences. Which approach should it take to overcome this challenge?

- **a)** Abandon the market.
- **b)** Focus solely on cost reduction.
- **c) Adapt the product to meet local preferences. ✓ correct**
- **d)** Increase advertising spending.

Q43. *[Multiple Choice]*

Imagine that a company has chosen to pursue a position logic strategy. This company may struggle in a highly dynamic industry because this means it ______.

- **a) cannot maintain a stable strategic position ✓ correct**
- **b)** lacks unique resources
- **c)** does not innovate enough
- **d)** does not understand customer preferences

Q44. *[Multiple Choice]*

Which example illustrates an MNO addressing social grand challenges through innovative solutions?

- **a)** Developing expensive luxury products for Italian customers
- **b)** Maximizing profit for an American company at the expense of labor and suppliers in India
- **c)** Bringing the same products from America to meet the needs of local communities in Mexico
- **d) Offering digital money transfer services in Kenya ✓ correct**

Essay (6)

Q45. *[Essay]*

Apply the concept of a market creation approach to a real-world scenario of a multinational corporation entering a new market. Discuss how the company could identify unmet needs, innovate, and structure its activities to capture opportunities in the target market.

> ***Suggested answer:*** *Sample response: In a scenario where a multinational technology company is entering a developing country market with limited internet access, it could identify unmet needs by conducting market research to understand the challenges faced by consumers due to the lack of connectivity. Based on the research findings, the company could innovate by developing low-cost, offline-enabled versions of its popular applications to cater to the local market. Additionally, the company could structure its activities by partnering with local telecommunications providers to offer bundled internet and application packages, thereby capturing opportunities and expanding its user base in the new market.*

Q46. *[Essay]*

Discuss how a tech start-up could leverage the "0 to 1" approach to disrupt an industry dominated by large MNCs. Provide a strategic plan focusing on innovation, customer engagement, and market penetration.

> ***Suggested answer:*** *Sample response: A tech start-up can disrupt an industry by identifying gaps through market research and developing innovative solutions, such as an AI-driven app for personalized financial advice. Engaging customers involves targeting underserved niche markets and creating a strong community through social media and events. Establishing feedback loops helps refine products. For market penetration, strategic partnerships and agile marketing strategies are crucial. Utilizing a scalable business model, such as subscriptions, can attract a wide customer base and provide steady revenue. This approach allows the start-up to compete effectively against established MNCs.*

Q47. *[Essay]*

Explain how a traditional MNC could use the "0 to M" approach to successfully enter a new international market. Provide a detailed plan, considering cultural, regulatory, and competitive factors.

> ***Suggested answer:*** *Sample response: To use the "0 to M" approach, a traditional MNC should start by conducting detailed market research to understand local culture, regulations, and competitors. For example, entering an international market requires adapting products to local tastes and norms, understanding regulatory requirements, and navigating a competitive landscape with local and international players. Forming strategic partnerships with local businesses can help leverage market knowledge and distribution networks. Marketing campaigns should be culturally sensitive, utilizing local insights to resonate with consumers. Leveraging technology like AI to identify unmet needs and customize offerings is essential. Continuous monitoring and adaptation to market changes will ensure long-term success.*

Q48. *[Essay]*

How can companies leverage ambiguity as an opportunity for innovation and growth in a VUCA world? Provide examples to illustrate your answer.

> ***Suggested answer:*** *Sample response: Companies can leverage ambiguity as an opportunity for innovation and growth in a VUCA world by embracing the courage to face unknown unknowns and continuously generating and testing hypotheses. This approach encourages a high tolerance for failure, allowing companies to explore new ideas and discover untapped markets or solutions. For example, K-pop marketers extensively experiment to uncover the secrets of producing viral songs, capitalizing on ambiguous factors that contribute to success. Similarly, companies like Samsung engage with stakeholders affected by VUCA conditions, leading to the discovery of new opportunities such as e-commerce platforms during the COVID-19 pandemic. By embracing ambiguity and fostering a culture of experimentation, companies can adapt to changing environments and drive sustainable growth in turbulent times.*

Q49. *[Essay]*

How can the application of opportunity logic in global strategy transform the competitive landscape for traditional MNCs? Provide examples of how opportunity logic has been successfully implemented by companies to capture market opportunities in the face of rapid changes and emerging competition.

> ***Suggested answer:*** *Sample response: Opportunity logic transforms the competitive landscape for traditional MNCs by emphasizing continuous innovation and adaptability. This approach helps companies capture fleeting opportunities and address unmet customer needs in a rapidly changing environment. Airbnb is a prime example, revolutionizing the hospitality industry by leveraging digital platforms to offer unique lodging experiences, quickly adapting to market demands. Similarly, start-ups like Dollar Shave Club used subscription models to disrupt traditional retail, attracting customers with convenience and customization. By adopting opportunity logic, traditional MNCs can remain competitive, innovate, and respond effectively to emerging challenges.*

Q50. *[Essay]*

Imagine you are a senior executive in a multinational corporation operating in a country with social grand challenges. Propose innovative solutions that address these challenges and create business opportunities.

> ***Suggested answer:*** *Sample response: I would lead the development of innovative solutions that address social challenges while creating new business opportunities. By conducting a comprehensive assessment of the social landscape, we can design targeted interventions that improve livelihoods and create economic opportunities. Leveraging our resources and expertise, we could launch programs focused on skills training, entrepreneurship development, or community empowerment. Collaboration with local NGOs, government agencies, and community-based organizations would be crucial in scaling our impact and ensuring sustainability. Through strategic partnerships, we can leverage knowledge and resources to drive positive change and sustainable growth in the communities we serve.*