FEEDBACK TUTORIAL LETTER

1st SEMESTER 2019

TEST MEMO

FOR

INTERNATIONAL BUSINESS MANAGEMENT
(IBM811S)
IBM811S Make Up Test

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Student Name & Number: __________________________________________________

Question 1- Multiple Choice Questions

1.1 Economies of scale arise from all the following sources, EXCEPT:
   A. increasing fixed costs by limiting them to small volumes.
   B. serving domestic and international markets from the same production facilities
   C. serving global markets
   D. bargaining with suppliers to bring down the cost of key inputs

1.2 Responding to pressure for _____ requires that a firm differentiate its product offering and marketing strategy from country to country.
   A. cost reductions
   B. experience effects
   C. lowering the costs of value creation
   D. being locally responsive

1.3 Universal needs exist when the tastes and preferences of consumers in different nations are similar if not identical. This is the case for conventional commodity products such as bulk chemicals, petroleum, steel, sugar, and the like.
   A. Global standardization
   B. localization
   C. international
   D. customization

1.4 Which of the following is an example of a primary activity in a firm's value chain?
   A. Information systems
   B. Research and development
   C. Logistics
   D. Human relations
1.5 The G20 was originally established to ____.
   A. preserve peace through international cooperation and collective security
   B. maintain order in the international monetary system
   C. formulate a coordinated policy response to financial crises in developing nations
   D. manage, regulate, and police the global marketplace

1.6 A Namibian executive's ritual of presenting a business card to a foreign business executive is an example of:
   A. mores
   B. values
   C. attitudes
   D. folkways

1.7 The percentage increase in net profits over time measures:
   A. capital return
   B. profitability
   C. market growth
   D. profit growth

1.8 A Totalitarianism:
   A. refers to a political system in which government is by the people, exercised either directly or through elected representatives.
   B. is based on a belief that citizens should be directly involved in decision making.
   C. is a form of government in which one person or political party exercises absolute control over all spheres of human life.
   D. is based on the idea that the welfare of society is best served by letting people pursue their own economic self-interests.
1.9 The price a firm charge for a good or service is typically less than the value placed on that good or service by the customer. This is because:
A. the customer's disposable income is significantly higher than what the market demands.
B. the customer captures some of that value in the form of a consumer surplus.
C. regulatory mechanisms ensure that the customer is not overcharged for products/services.
D. marketers implement psychological pricing tactics to ensure that customers perceive the prices to be low.

1.10 The basic strategy paradigm suggests that to maximize its profitability, a firm should do all the following, EXCEPT:
A. choose, according to strategy, any position on the efficiency frontier as all positions are viable.
B. pick a position on the efficiency frontier that is viable in the sense that there is enough demand to support that choice.
C. configure its internal operations so that they support the position on the efficiency frontier.
D. make sure that the right organization structure is in place to execute the strategy.

1.11 What is the purpose of the CAGE framework?
A. The CAGE framework investigates to what extent home demand, home factor conditions and domestic rivalry are important to multinational firms.
B. The CAGE framework analyses bilateral differences and commonalities between two countries.
C. The CAGE framework is a broad framework to help managers understand the environment in which their business operates.
D. The CAGE framework a checklist for forecasting political, economic, strategic or technological factors.

1.12 Which of the following philosophies can be traced back to the ancient Greek philosopher Aristotle?
A. Socialism
B. Individualism
C. Collectivism
D. Anarchism
1.13 BP, one of the world's largest oil companies, has made it part of the company policy to undertake "social investments" in the countries where it does business. There was no economic reason for BP to make this social investment, but the company believes it is morally obligated to give something back to the societies that have made their success possible. BP's actions are an example of:

A. cultural relativism
B. the Friedman doctrine
C. noblesse oblige
D. the tragedy of the commons

1.14 Which of the following is true of the international strategy?

A. Product development tends to be highly decentralized.
B. Manufacturing and marketing are typically located in the headquarters location.
C. Extensive production customization is common.
D. The strategy is not viable in the long-run.

1.15 Totalitarianism:

A. refers to a political system in which government is by the people, exercised either directly or through elected representatives.
B. is based on a belief that citizens should be directly involved in decision making.
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D. is based on the idea that the welfare of society is best served by letting people pursue their own economic self-interests.

1.16 A situation in which none of the available alternatives seems morally acceptable is called:

A. an ethical dilemma
B. noblesse oblige
C. the tragedy of the commons
D. the free rider problem
1.17 A common law system is different from a civil law system because:
   A. a common law system is based on religious teachings, while a civil law system is based on cultural traditions.
   B. a common law system is very rigid, while a civil law system tends to be more flexible.
   C. in a common law system a judge relies on legal codes to make rulings, while in a civil law system a judge relies on his intuition and moral reasoning to make judgments.
   D. in a common law system a judge has the power to interpret the law, while in a civil law system a judge has the power only to apply the law.

1.18 The _____ exists when the tastes and preferences of consumers in different nations are similar if not identical.
   A. Universal needs
   B. Homogenous needs
   C. Basic needs
   D. Bundled needs

1.19 When companies disperse different stages of the value chain to those locations around the world where perceived value is maximized or where the costs of value creation are minimized, companies create:
   A. a differentiated organization
   B. a location economy curve
   C. economies of scale
   D. a global web of value creation activities

1.20 _____ refer(s) to systematic reductions in production costs that have been observed to occur over the life of a product.
   A. Experience curve
   B. Economies of scale
   C. Location economies
   D. Production possibility

1.21 The efficiency frontier has a convex shape because of:
   A. consumer surplus
   B. diminishing returns
   C. profitability
D. differentiation strategy

1.22 Child labor is permitted and widely employed in Country X. A multinational company entering Country X decides to employ minors in its subsidiary, even though it is against the multinational’s home-country ethics. Which of the following approaches to business ethics would justify the actions of the multinational company?

A. righteous moralist
B. cultural relativism
C. the justice theory
D. the rights theory

1.23 The utilitarian approach to business ethics suggests that:

A. people should be treated as ends and never purely as means to the ends of others
B. the moral worth of actions or practices is determined by their consequences
C. people have dignity and need to be treated as such
D. human beings have fundamental rights and privileges that transcend national cultures

1.24 The political economy of many of the world’s nation-states has changed radically since the late 1980s. All of the following are trends that have been evident EXCEPT:

A. a wave of democratic revolutions has swept the world
B. totalitarian governments collapsed and have been replaced by democratically elected governments
C. there has been a strong move away from centrally planned economies toward free market economic models
D. mixed economies are fast replacing market economies

1.25 A market economy encourages innovation because _____.

A. state ownership of enterprises reduces risks of innovation
B. economic freedom leads to greater incentives for innovation
C. government-owned and funded research centers become hubs of innovation
D. the prices of goods and services, including new products, are fixed by government

1.26 _____ involves removing legal restrictions to the free play of markets, the establishment of private enterprises, and the manner in which private enterprises operate.

A. Deregulation
B. Trade certification
C. A product law
1.27 Google launched Google Plus to gain a foothold in the social media market. However, given that there are numerous social networking platforms and Facebook is already a leader in social media, Google Plus found it challenging to generate brand loyalty and establish itself in the market. This was because of ____.
   A. incumbent disadvantage
   B. disintermediation disadvantage
   C. late-mover disadvantage
   D. horizontal integration disadvantage

1.28 Since the collapse of communism at the end of the 1980s, the erstwhile communist nations have transformed their economies by globalizing their markets. This involves ____.
   A. regulating markets
   B. privatizing state-owned enterprises
   C. decreasing competition
   D. reducing foreign investment

1.29 Which of the following is a consequence of globalization?
   A. Decreasing interdependence between national economies
   B. Increasing outsourcing of services
   C. Differentiation of material culture
   D. Increase in barriers to cross-border trade

1.30 The General Agreement on Tariffs and Trade (GATT) was responsible for ____.
   A. protecting government owned enterprises
   B. policing the global marketplace
   C. limiting nuclear testing
   D. promoting environment friendly technology

1.31 Interdependent political, economic, and legal systems of a country make up its:
   A. administrative agenda
   B. socioeconomic system
C. cultural environment  
D. political economy

1.32 Which of the following statements is true about an international business?  
A. an international business needs to invest directly in operations in other countries  
B. an international business needs to have homogenous practices across countries  
C. an international business can be managed in the same way that a domestic business is managed  
D. an international business must find ways to work within the limits imposed by government intervention.

1.33 According to _____, the social responsibility of business is to increase profits, so long as the company stays within the rules of law.  
A. the naive immoralist  
B. the righteous moralist  
C. cultural relativism  
D. the Friedman doctrine

1.34 An act, as simple as shaking hands when meeting new people is an example of:  
A. values  
B. symbolic behavior  
C. mores  
D. social stratification

1.35 Moving down the experience curve:  
A. Allows a firm to reduce its cost of creating value  
B. Increases the cost of a firm's raw material  
C. Decreases a firm's profitability  
D. Increases the R & D expenditure of a firm