

## WRC 2008 GLOBAL BUSINESS

### True/False

*Indicate whether the sentence or statement is true or false.*

- 1. Import taxes are a form of trade barrier.
- 2. Expanded international business activities make different types of jobs available for workers.
- 3. As a country expands its international trade activities, the choice of goods available to consumers in that country usually decreases.
- 4. An increase in demand, with no change in supply, will usually cause prices to rise.
- 5. If the supply of an item decreases, the price usually goes up.
- 6. Democratic societies do not usually have a market economy.
- 7. Customs duties are often assessed to make imported products more expensive than similar products produced locally.
- 8. Direct exporting occurs when a company actively seeks to sell goods and services in other countries.
- 9. It is possible in some cultures to offend an employee by giving public praise for outstanding achievement.
- 10. A cost-of-living adjustment is a way to adjust an employee's compensation up or down to reflect the relative cost of living in a different location.
- 11. The domestic job market refers to careers within the country in which a person lives.
- 12. While union membership has declined in the United States, it has increased in all other developed countries.
- 13. A country's monetary system, tax structure, economic conditions, and availability of materials affect the capital resources of a company.
- 14. The main advantage of a cross-functional team approach to problem-solving is that multiple points of view are brought to solving the problem.
- 15. A person's income is an example of an emotional need that influences consumer behavior.
- 16. More than half of all new products fail within one year.
- 17. Companies are usually more concerned with making the package of a product easy to use than to capture the attention of customers.
- 18. Most products can expect a product life cycle of several years or more, but electronic products frequently have a life cycle that can be measured in months.
- 19. Companies frequently discontinue a product when sales continue to decline in order to focus on more profitable products.
- 20. The personal selling process ends when the sale is made.
- 21. In less-developed countries with a low per capita income and literacy rate, direct mail advertising is probably more suitable than other communication methods for advertising.
- 22. Involving host country owners can help to reduce risk for a multinational company.
- 23. In order to calculate the cost of providing insurance coverage, an insurance company must be able to calculate the probability that the risk will occur.

- \_\_\_ 24. An insurable risk must be able to be documented.
- \_\_\_ 25. When goods are shipped overseas, the ship owner is responsible for the goods and any insurance against their loss or damage.

### Multiple Choice

*Identify the letter of the choice that best completes the statement or answers the question.*

- \_\_\_ 26. An example of exporting would be
- products made and sold in Japan.
  - a European country's tax on products made in other countries.
  - products that were made in Poland and bought by Polish consumers.
  - products sold by a company in Mexico for purchase by Italian consumers.
- \_\_\_ 27. International business most commonly affects consumers by creating
- a greater variety of buying choices.
  - fewer buying choices.
  - a change in taxes.
  - fewer stores to shop in.
- \_\_\_ 28. Private property, profit motive, and a free, competitive marketplace are characteristics of a
- command economy.
  - market economy.
  - mixed economy.
  - none of the above
- \_\_\_ 29. Opportunity cost refers to the
- wages paid to workers in factories and offices.
  - rising prices in an economy.
  - things given up when a choice is made.
  - products bought by one country from another country.
- \_\_\_ 30. An extended family consists of
- the parents.
  - the children.
  - the parents' and/or the children's children.
  - all of the above
- \_\_\_ 31. Of the following countries, the one in which there are strong ties between family and business is
- Australia.
  - Canada.
  - Mexico.
  - the United States.
- \_\_\_ 32. All of the following choices are examples of nonverbal communication except
- waving to a friend.
  - speaking to your teacher.
  - wearing red on Valentine's Day.
  - standing two feet from your friend.
- \_\_\_ 33. In most cultures' beliefs about gender roles
- both males and females work outside the home.
  - males are the primary workers outside the home.
  - females may work outside the home but are not the primary support of the family.
  - none of the above
- \_\_\_ 34. Protectionism policies such as tariffs and quotas are used because
- the government wants to make it harder for companies in other countries to compete with local companies.
  - consumers need to be protected from inferior or hazardous products.
  - the country needs additional revenue.
  - none of the above
- \_\_\_ 35. When countries join together to eliminate duties and other trade barriers, allow companies to invest freely in each other's country, and allow workers to move freely across borders, they are said to have

- a. free-trade zones.
  - b. most favored nation status.
  - c. a free trade-agreement.
  - d. a common market.
- \_\_\_ 36. A U.S. company can obtain political risk insurance on its export shipments from
- a. the U.S. Department of Agriculture.
  - b. the Export-Import Bank of the United States.
  - c. the Overseas Private Investment Corporation.
  - d. free-trade agreements.
- \_\_\_ 37. How is the total output of goods and services produced within a country measured?
- a. Producer Price Index
  - b. Consumer Confidence Index
  - c. Employee Productivity Rate
  - d. Gross Domestic Product
- \_\_\_ 38. In which phase of the business cycle do an increasing number of people find jobs and more businesses begin to invest in new inventory?
- a. recession
  - b. recovery
  - c. depression
  - d. prosperity
- \_\_\_ 39. Ease of creation and availability of different talents are common advantages of a
- a. partnership.
  - b. corporation.
  - c. cooperative.
  - d. sole proprietorship.
- \_\_\_ 40. A common disadvantage of partnerships is
- a. disagreements among owners.
  - b. ease of creation.
  - c. double taxation of earnings.
  - d. limited liability.
- \_\_\_ 41. A separate foreign company owned by a parent company is called a
- a. joint venture.
  - b. wholly owned subsidiary.
  - c. cooperative.
  - d. municipal corporation.
- \_\_\_ 42. A common characteristic of monopolistic competition is
- a. few sellers of a good or service.
  - b. one seller controlling a market.
  - c. many sellers with slightly different products.
  - d. identical products for each company in the market.
- \_\_\_ 43. When money is deposited in a bank for future use, it is being used as a
- a. medium of exchange.
  - b. measure of value.
  - c. store of value.
  - d. payment on account.
- \_\_\_ 44. The value of a country's currency would be increased by
- a. an unfavorable balance of trade.
  - b. lower inflation.
  - c. political instability.
  - d. higher interest rates.
- \_\_\_ 45. A bond is used when a company needs to
- a. borrow money over a long period of time.
  - b. borrow money over a short period of time.
  - c. pay a foreign company for imported goods.
  - d. exchange currency between countries.
- \_\_\_ 46. Of the following situations, the one that does not usually cause an increased interest rate is
- a. political uncertainty.
  - b. people are saving more and borrowing less.
  - c. inflation is increasing.
  - d. none of the above
- \_\_\_ 47. A currency future is
- a. an exchange rate.
  - b. an exchange control.
  - c. a contract.
  - d. none of the above
- \_\_\_ 48. Methods of short-term financing include

- a. trade credit and business loans.
  - b. accounts payable, accounts receivable, and bonds.
  - c. trade credit, bonds, and bills of exchange.
  - d. accounts payable and accounts receivable.
- \_\_\_\_\_ 49. The term copyright refers to
- a. the protection of a symbol used as an identifying mark by a business.
  - b. something of value received or promised in a contract.
  - c. the protection of an original work by an author, artist, or composer.
  - d. the protection of a product or process.
- \_\_\_\_\_ 50. Parties that can appear before the International Court of Justice include
- a. countries, companies, and individuals.
  - b. countries and companies.
  - c. only companies.
  - d. only countries.
- \_\_\_\_\_ 51. A person who makes duplicate copies of a videotape of a commercial movie and then sells it would be violating a
- a. patent.
  - b. trademark.
  - c. copyright.
  - d. none of the above.
- \_\_\_\_\_ 52. One of the most common causes of business failure is
- a. too many customers.
  - b. poor management decisions.
  - c. foreign competition.
  - d. weak financial record-keeping systems.
- \_\_\_\_\_ 53. Marketing activities include all of the following except
- a. advertising.
  - b. packaging.
  - c. manufacturing.
  - d. retailing.
- \_\_\_\_\_ 54. Human resource management involves
- a. hiring, training, and retaining employees.
  - b. supervising employees.
  - c. allocating resources so employees can do their jobs effectively.
  - d. all of the above.
- \_\_\_\_\_ 55. Juliette supervises three printing-press operators at the local newspaper. Juliette is a
- a. front-line manager.
  - b. middle manager.
  - c. senior manager.
  - d. chief executive officer.
- \_\_\_\_\_ 56. All of the following statements describe behaviors that could be influenced by cultural differences except
- a. George Amarkos prefers to work in a local company where several of his relatives also work.
  - b. Theo Erickson buys all the products her company manufactures because she plans to work for the company until she retires in forty years.
  - c. Mario Herrera is uncomfortable when his supervisor asks him for an opinion about a project at work.
  - d. Oki Komuro does not like to work in an office that is air-conditioned.
- \_\_\_\_\_ 57. Of the following questions, the one that best assesses the applicant's ability to adjust to different conditions is
- a. How well do you work with those from your own cultural group?
  - b. Why do you want to work in the global environment?
  - c. What college degrees have you earned?
  - d. How would those you supervise rate your maturity?
- \_\_\_\_\_ 58. of the following, the least useful type of training to a French employee working in South Korea would be
- a. Korean language.
  - b. Korean culture.
  - c. culture.
  - d. French language.

- b. economy. d. court system.
- \_\_\_ 59. The *Occupational Outlook Handbook* is designed to
- inform people of jobs available with the federal government.
  - provide information about jobs in various career areas.
  - explain the process of working for a multinational company.
  - assist students who wish to obtain a summer internship.
- \_\_\_ 60. Items that are least likely to be included on a resume are
- school activities.
  - community service projects.
  - school grades.
  - career-oriented classes completed.
- \_\_\_ 61. All of the following are steps in the career planning process except
- obtaining additional education and training after you begin a career to prepare for possible career or company changes.
  - determining what kinds of jobs are available.
  - creating an Internet web site to promote a personal interest.
  - assessing your abilities.
- \_\_\_ 62. The experience section of a resume should include all of the following except
- a description of the major job duties of past jobs held.
  - the salary earned in past jobs held.
  - employers' names and addresses for current and past jobs.
  - community service activities that were similar to a job.
- \_\_\_ 63. A resume should include all of the following information except
- past job duties described using action verbs.
  - awards and honors.
  - specific courses that are relevant to the job.
  - marital background.
- \_\_\_ 64. It is useful to bring a personal data sheet to an employment interview because
- the information can be used to fill out a job application form accurately.
  - you might not have prepared a resume.
  - the employer may ask for one.
  - none of the above
- \_\_\_ 65. People can prepare for international careers by
- strengthening their foundational skills.
  - traveling in foreign countries.
  - improving leadership and administration skills.
  - all of the above
- \_\_\_ 66. Networking with international professionals can be achieved by
- joining a professional organization that has members with international experience.
  - talking with expatriates who have recently returned from international assignments.
  - interact with people from other countries who live and work in the immediate area.
  - all of the above
- \_\_\_ 67. Compared to most developed countries in the world, union membership in the United States is
- high.
  - low.
  - similar to other English-speaking countries.
  - about the same.
- \_\_\_ 68. A significant feature of unions in European countries is
- their low level of membership.
  - their close relationship with political parties.
  - their lack of money and other resources.

- d. their low level of strike activity.
- \_\_\_ 69. Of the following industries, the highest level of union membership occurs in
- a. services.
  - b. real estate.
  - c. agriculture.
  - d. construction.
- \_\_\_ 70. The roles of managers regarding a global information system include
- a. stressing to the management information systems department the urgency in completing the global information system.
  - b. understanding that a global information system evolves over time and requires continual maintenance and refinement.
  - c. completing a system that meets all information needs when the system is launched.
  - d. none of the above
- \_\_\_ 71. When a host country does not have sufficient technological infrastructure to support a global information system
- a. a technology issue is involved.
  - b. a company may have to transmit less information to that country.
  - c. a company may have to transmit information to that country more slowly.
  - d. all of the above
- \_\_\_ 72. One problem with a global information system is the communication technology; communication technology worldwide can be a problem when
- a. a country's communications infrastructure does not support high-speed data transmission.
  - b. a country insists that guest companies use only locally-manufactured computers.
  - c. the organization does not have full control of the information systems process in a country's office.
  - d. all of the above
- \_\_\_ 73. Many countries have passed or are considering regulations about data transfers across their borders because of concerns about
- a. privacy rights.
  - b. national security.
  - c. national sovereignty.
  - d. all of the above
- \_\_\_ 74. The amount of work that can be accomplished in a unit of time is
- a. synchronized manufacturing.
  - b. the production process.
  - c. forecasting.
  - d. productivity.
- \_\_\_ 75. Resources that are input to the transformation process include
- a. schedules and forecast.
  - b. machines, processes, and facilities.
  - c. natural, human, and capital resources.
  - d. manual, automated, and computerized resources.
- \_\_\_ 76. An area of evolving production in which computers guide the entire manufacturing process, from product design through packaging, is called
- a. computer-integrated manufacturing (CIM).
  - b. synchronized manufacturing.
  - c. transformation.
  - d. just-in-time (JIT) systems.
- \_\_\_ 77. The technology involved in the use of machines to perform work that is extremely precise, repetitive, or dangerous is called
- a. tailored logistics.
  - b. manual production.
  - c. computerized production.
  - d. robotics.
- \_\_\_ 78. Marketing includes each of the following activities, except
- a. advertising.
  - b. packaging.
  - c. manufacturing.
  - d. shipping.

- \_\_\_ 79. An example of a distribution activity of a business is
- a. advertising.
  - b. wholesaling.
  - c. pricing.
  - d. sales promotions.
- \_\_\_ 80. In the marketing mix, the element of distribution involves all of the following considerations except
- a. where the product will be stored prior to shipping to another country.
  - b. how the retailer will display the product after it is received from the wholesaler.
  - c. how to send products ordered from the company's web site on the Internet.
  - d. whether to sell the product directly to wholesalers, retailers, or consumers.
- \_\_\_ 81. The stage of the product life cycle in which sales are increasing and profits are starting is the
- a. maturity stage.
  - b. introduction stage.
  - c. growth stage.
  - d. decline stage.
- \_\_\_ 82. The marketing goal of satisfying needs that have not been met can be achieved in all of the following ways except
- a. by selling the product in a country in which it has never been sold before.
  - b. by adding a new variation to an existing product.
  - c. by changing the price of a product.
  - d. by promoting a new use for an existing product.
- \_\_\_ 83. The stage of the product life cycle in which the product has few competitors and marketing activities should create consumer awareness is the
- a. introduction stage.
  - b. growth stage.
  - c. decline stage.
  - d. none of the above
- \_\_\_ 84. When a country spends more on imports than it earns from exports, then it has a \_\_\_\_.
- a. trade deficit
  - b. surplus
  - c. balance of trade
  - d. none of the above
- \_\_\_ 85. If Scott and Desiree wanted to get involved in the exporting business, which of the following is the largest category and the one that could possibly provide the greatest opportunity for them?
- a. machinery
  - b. transportation
  - c. electronics
  - d. agricultural products
- \_\_\_ 86. When a country spends more on imports than it earns from exports, what occurs?
- a. balance of trade
  - b. trade surplus
  - c. trade deficit
  - d. absolute advantage
- \_\_\_ 87. John's father is a cotton farmer in the United States. His father and other U.S. cotton producers are able to produce three-fourths (five tons) of the cotton Americans consume. The U.S. government would them limit the amount of cotton that could be imported into the United States to three tons. This limitation is known as a(n) \_\_\_\_.
- a. quota
  - b. tariff
  - c. trade barrier
  - d. both A and C
- \_\_\_ 88. The most exporting assistance is provided by
- a. a customs broker.
  - b. an export management company (EMC).
  - c. a freight forwarder.
  - d. an export trading company (ETC).
- \_\_\_ 89. Movement of liquids between two connecting countries would be performed best by
- a. pipeline.
  - b. air carrier.
  - c. railroad.
  - d. waterway.
- \_\_\_ 90. When terms of sale are expressed as 1/10, net 20,
- a. customers may deduct one-tenth if they pay within 20 days of the sale.
  - b. customers may deduct 1 percent if they pay within 20 days of the sale.
  - c. customers may deduct one-tenth if they pay within 10 days of the sale and must pay the

full amount within 20 days.

d. none of the above

- \_\_\_ 91. An example of a push promotion would be
- a. a television commercial.
  - b. a contest for customers.
  - c. telephone calls to offer customers a special discount.
  - d. a discount for retailers.
- \_\_\_ 92. An example of standardized advertising would be
- a. maintaining the same ads for many years to help customers understand the benefits of a product.
  - b. advertising agencies that help small companies plan ads for different countries.
  - c. television commercials created to communicate different messages for different target markets.
  - d. the use of one promotional approach in all geographic regions.
- \_\_\_ 93. An advertising message that presents the quality, brand, price, or features of a product is
- a. a product quality ad.
  - b. a comparative ad.
  - c. a lifestyle ad.
  - d. an endorsement ad.
- \_\_\_ 94. An example of a lifestyle advertising approach would be a television commercial
- a. that uses a famous suspense movie actor to recommend a product.
  - b. that shows a young married couple using their microwave oven to cook popcorn.
  - c. that emphasizes puppies and kittens while describing the product.
  - d. none of the above
- \_\_\_ 95. All of the following could be used in an effective personal selling presentation except
- a. offering a test drive of a new automobile to demonstrate its features.
  - b. presenting a chart listing well-known people who use the product.
  - c. demonstrating how to use the word processing software product to create a document.
  - d. advertising the product in a community newspaper.
- \_\_\_ 96. Equity capital consists of funds provided by
- a. a company's owners.
  - b. sales tax refunds.
  - c. bonds.
  - d. borrowing from a financial institution.
- \_\_\_ 97. An example of an economic risk for a multinational company would be
- a. currency value.
  - b. government regulations.
  - c. family structure in a country.
  - d. political instability.
- \_\_\_ 98. Taking precautionary actions is risk
- a. avoidance.
  - b. sharing.
  - c. assumption.
  - d. reduction.
- \_\_\_ 99. An exporting company wants to add fire coverage for a warehouse in Egypt. The certificate that would be needed to make this change to the insurance policy is called an
- a. exclusion.
  - b. endorsement.
  - c. insurance certificate.
  - d. equity clause.
- \_\_\_ 100. Property insurance would not provide coverage for
- a. real property.
  - b. personal property.
  - c. inconvertibility.
  - d. liability.