1. A multinational enterprise is a firm that engages in foreign direct investment by directly investing in, controlling, and managing value-added activities in other countries.

a. True

b. False

2. The term “emerging markets” refers to all markets other than the developed markets.

a. True

b. False

3. Gross domestic product (GDP) is the sum of value added by resident firms, households, and governments operating in an economy.

a. True

b. False

4. Majority of the global GDP is contributed by the emerging markets.

a. True

b. False

5. Purchasing power parity (PPP) is a conversion that determines the equivalent amount of goods and services different currencies can purchase.

a. True

b. False

6. Purchasing power parity (PPP) is calculated as the sum of value added by resident firms, households, and governments operating in an economy.

a. True

b. False

7. Emerging markets contribute about 30% of global GDP without adjusting for purchasing power parity (PPP).

a. True

b. False

8. More than half the GDP produced by emerging markets comes from outside the BRIC countries.

a. True

b. False

9. On the global economic pyramid, the Triad refers to developed economies consisting of North America, Western Europe, and Japan.

a. True

b. False

10. All the countries of the BRIC belong to the top tier of the global economic pyramid.

a. True

b. False

11. The second tier of the global economic pyramid is made up of countries with a per capita annual income of more than $20,000.

a. True

b. False

12. The emerging markets of the world are placed at the top of the global economic pyramid.

a. True

b. False

13. The global economic pyramid does not represent countries that have a per capita annual income of less than $2,000.

a. True

b. False

14. The term "base of the pyramid" represents economies where individuals make less than $2,000 a year.

a. True

b. False

15. Reverse innovations are innovations that are adopted first in the Triad-based multinationals and then diffused around the world.

a. True

b. False

16. Reverse innovation is an example of bottom up innovation.

a. True

b. False

17. The Group of 20 includes the European Union (EU)—a regional bloc.

a. True

b. False

18. Globalization has driven up the salaries of low-level jobs.

a. True

b. False

19. An international premium is a significant pay raise awarded to expatriate employees working abroad.

a. True

b. False

20. New York has more *Fortune* Global 500 company headquarters than any other city.

a. True

b. False

21. Overall, the focus on firm performance around the globe defines the field of global business more than anything else.

a. True

b. False

22. An institution-based view suggests that the success and failure of firms are enabled and constrained by business norms of the host nation.

a. True

b. False

23. Formal institutions include laws, regulations, and rules.

a. True

b. False

24. The institution-based view places emphasis on the external factors that could affect a firm.

a. True

b. False

25. Focusing on a firm’s internal resources and capabilities is the main emphasis of the resource-based view.

a. True

b. False

26. Liability of foreignness is the inherent disadvantage experienced by foreign firms in host countries because of their non-native status.

a. True

b. False

27. Most opponents of globalization view globalization as a long-run historical evolution since trade began.

a. True

b. False

28. According to the pendulum view of globalization, globalization is a relatively new phenomenon triggered by the information revolution of early 1990s.

a. True

b. False

29. Scenario planning is a technique to prepare and plan exclusively for high risk scenarios.

a. True

b. False

30. Standardization of markets would lead to a state of semiglobalization.

a. True

b. False

31. Semiglobalization is primarily caused by the practice of total isolation.

a. True

b. False

32. The current state of globalization around the world is that of semiglobalization.

a. True

b. False

33. Semiglobalization calls for adopting one way of doing business for all conditions.

a. True

b. False

34. The strategy of treating the entire world as one market is known as localization.

a. True

b. False

35. Many opponents of globalization are nongovernmental organizations.

a. True

b. False

36. The term "emerging economies" has replaced the term \_\_\_\_\_.

a. developed countries

b. developing countries

c. Triad markets

d. first-world markets

37. The \_\_\_\_\_ is measured as the sum of value added by resident firms, households, and governments operating in an economy.

a. gross national product

b. gross national income

c. gross domestic product

d. national reserve

38. A conversion that determines the equivalent amount of goods and services that different currencies can buy is known as \_\_\_\_\_.

a. purchasing power parity

b. foreign exchange rate

c. country's deficit

d. gross domestic product

39. The gross domestic product plus the income from non-resident sources abroad gives the \_\_\_\_.

a. gross national product

b. per capita income

c. purchasing power parity

d. net national income

40. Without adjusting for PPP, emerging economies contribute about 30% of the global GDP. Adjusting for PPP, they now contribute approximately 50% of the global GDP. The reason there is a huge difference between the two measures is because

a. the cost of living in emerging economies tends to be lower than that in developed economies.

b. the purchasing power parity is much higher in emerging countries.

c. the population in emerging economies is much higher than that in developed economies.

d. the deficit spending in emerging economies is much larger than that in developed economies.

41. Which of the following countries would be characterized as an emerging economy?

a. Brazil

b. USA

c. Germany

d. Japan

42. Which of the following groups is primarily composed of emerging economies?

a. The Triad

b. BRIC

c. Group of Eight (G8)

d. NAFTA

43. Which of the following countries is included in BRIC?

a. Belgium

b. Russia

c. Italy

d. Canada

44. More than 25% of global GDP comes from \_\_\_\_\_.

a. the Four Asian Tigers (Hong-Kong, Singapore, South Korea, and Taiwan)

b. MIKT (Mexico, Indonesia, South Korea, Turkey)

c. the Commonwealth of Independent States

d. BRICS countries

45. People who live in the Triad countries comprise the \_\_\_\_\_ of the global economic pyramid.

a. top tier

b. second tier

c. base

d. outlier

46. Viewing the global economy as a pyramid, the Triad refers to \_\_\_\_\_.

a. Taiwan, Hong Kong, and South Korea

b. US, the EU, and China

c. Brazil, India, and China

d. North America, Western Europe, and Japan

47. Which of the following countries is represented in the Triad of the global economic pyramid?

a. India

b. China

c. Japan

d. Russia

48. Which of the following tiers in the global economic pyramid would comprise developed nations?

a. The base

b. The top tier

c. The second tier

d. The third tier

49. People who earn \_\_\_\_\_ a year comprise the base of the global economic pyramid.

a. between $2,000 to $20,000

b. less than $2,000

c. between $20,000 to $40,000

d. more than $40,000

50. Which of the following is true of economies in the base of the global economic pyramid?

a. They are composed of developed economies.

b. They are composed of people from North America, Western Europe, and Japan.

c. They are largely ignored by MNEs.

d. They attract the largest FDI from MNEs.

51. A \_\_\_\_\_ is defined as an innovation that is adopted first in emerging economies and then diffused around the world.

a. reverse innovation

b. reverse-engineered innovation

c. top down innovation

d. traditional innovation

52. Which of the following would be an example of a top down innovation?

a. Lowering prices and features of existing products to meet emerging market needs

b. Launching a product in and for emerging economies

c. Adopting an innovation first in emerging economies and then diffusing it around the world

d. Introducing products from emerging markets into developed markets

53. Which of the following would be an example of a product undergoing reverse innovation on the global economic pyramid?

a. Triad nation to Triad nation

b. Triad nation to second tier nation

c. Second tier to base tier nation

d. Base tier nation to Triad nation

54. Which of the following is true of the Group of 20 (G-20)?

a. It only has 19 member countries.

b. It doesn’t represent any European nation.

c. It meets annually to discuss environmental issues.

d. It includes many regional blocs.

55. Expats often receive significant \_\_\_\_\_.

a. international premiums

b. government assistance

c. economic penalties

d. decreases in income

56. Which of the following does the institution-based view of global business lay emphasis on?

a. Acquiring resources that belong to the host nation

b. Consolidating the internal assets of a firm

c. Focusing on the capabilities of the firm’s headquarters

d. Understanding the laws and values of the firm’s host nation

57. The \_\_\_\_\_ view suggests that the success and failure of firms are largely determined by their environments.

a. institution-based

b. stakeholder-based

c. resource-based

d. capability-based

58. The \_\_\_\_\_ view of global business focuses on external factors that affect a firm’s performance.

a. resource-based

b. asset-based

c. capability-based

d. institution-based

59. The resource-based view of global business differs from the institution-based view of global business in that the resource-based view \_\_\_\_\_.

a. postulates the ideology of localization

b. supports the ideology of total globalization

c. focuses on the internal strengths on the firm

d. advocates adopting a single method for achieving globalization

60. The \_\_\_\_\_ view of global business focuses on internal factors that can help a firm overcome its external environment.

a. resource-based

b. industry-based

c. socio-cultural

d. institution-based

61. The liability of foreignness is the inherent disadvantage faced by \_\_\_\_\_.

a. domestic firms against other domestic firms that have engaged in global business

b. foreign firms in host nations due to their non-native status

c. domestic firms from foreign firms setting up in their country

d. foreign firms from their home country governments

62. Which of the following is true of globalization according to the “new force” perspective?

a. It is a process of trade integration that has both advantages and disadvantages.

b. It is a phenomenon that is technologically out of sync.

c. It is a historical aspect of human trade.

d. It is a western ideology focused on exploiting and dominating the world through MNEs.

63. Which of the following is true of globalization according to the “pendulum view” perspective?

a. Globalization is being interrupted by artificial barriers to the flows of goods, services, capital, and knowledge.

b. Globalization is a Western ideology focused on exploiting and dominating the world through MNEs.

c. Globalization is a not a one-directional phenomenon.

d. Globalization is a recent phenomenon of human trade.

64. The \_\_\_\_\_ of globalization suggests that globalization is neither recent nor one-directional.

a. new-force view

b. long-run historical view

c. pendulum view

d. colonial view

65. The concept of \_\_\_\_\_ suggests that barriers to market integration at borders are high, but not high enough to completely insulate countries from each other.

a. localization

b. technocapitalism

c. semiglobalization

d. total globalization

66. Which of the following is true of semiglobalization?

a. It is a type of globalization that adopts a strategy of treating the entire world as one market.

b. It is a type of globalization that lies between total isolation and total globalization.

c. It is a form of globalization that treats each country as a unique market.

d. It is a form of globalization that considers each nation in isolation when conducting business.

67. The strategy of treating each country as a unique market and in total isolation is referred to as \_\_\_\_\_.

a. total globalization

b. standardization

c. semiglobalization

d. localization

68. \_\_\_\_\_ is the strategy of treating the entire world as one market.

a. Total isolation

b. Semiglobalization

c. Standardization

d. Localization

69. Which of the following would lead to the standardization of world markets?

a. Semiglobalization

b. Localization

c. Total globalization

d. Total isolation

70. MNEs from the Triad dominate the list of the 500 largest MNEs; their share has been \_\_\_\_\_.

a. growing

b. fluctuating

c. steady over time

d. shrinking

71. How does purchasing power parity (PPP) affect the gross domestic product (GDP)?

72. Summarize the Great Transformation.

73. How is reverse innovation helping emerging economies?

74. How can gaining knowledge of global business advance someone's career? ​

75. Explain the success and failure of global firms based on institution- and resource-based views.

76. Elaborate on the three prevalent views of globalization.

77. Explain the pendulum view of globalization.

78. Explain the role of nongovernmental organizations (NGOs) in globalization.

Answers:

1. a.

2. a.

3. a.

4. b.

5. a.

6. b.

7. a.

8. b.

9. a.

10. b.

11. b.

12. b.

13. b.

14. a.

15. b.

16. a.

17. a.

18. b.

19. a.

20. b.

21. a.

22. a.

23. a.

24. a.

25. a.

26. a.

27. b.

28. b.

29. b.

30. b.

31. b.

32. a.

33. b.

34. b.

35. a.

36. b.

37. c.

38. a.

39. a.

40. a.

41. a.

42. b.

43. b.

44. d.

45. a.

46. d.

47. c.

48. b.

49. b.

50. c.

51. a.

52. a.

53. d.

54. a.

55. a.

56. d.

57. a.

58. d.

59. c.

60. a.

61. b.

62. d.

63. c.

64. c.

65. c.

66. b.

67. d.

68. c.

69. c.

70. d.

71.

72.

73.

74.

75.

76.

77.

78.