Package Title: Practice

Course Title: Boone, Contemporary Business, Third Canadian Edition

Chapter Number: 04

Shuffle: No

Question type: Multiple Choice

1) Domestically produced goods and services sold in other countries are called

a) international goods.

b) expat.

c) exports.

d) goods.

Answer: c

Difficulty: Easy

Learning Objective 1: LO4.1 Explain the primary reasons why nations trade.

Section Reference 1: Chapter Overview

Bloom’s Taxonomy: Knowledge

AACSB: Communication

2) Nations trade:

a) only with smaller countries.

b) in order to avoid domestic taxation.

c) to provide markets for products and access to needed resources.

d) because it increases employment opportunities and guarantees profits.

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Comprehension

AACSB: Communication

3) Business decisions to operate abroad depend on which of the following basic factors of production in the other country?

a) availability of, price and quality of labour

b) capital

c) trade agreements

d) materials

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

4) Why does Spain have an absolute advantage in growing saffron?

a) Spain has some of the lowest labour rates in the world so the time-consuming harvesting process is less expensive.

b) Treaties limit which country can produce saffron.

c) The spice is relatively inexpensive so other countries are not interested in growing it.

d) Saffron thrives in Spain’s climate and soil but does not do as well elsewhere.

Answer: d

Difficulty: Hard

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Application

AACSB: Analytic

5) Which of the following does **not** guarantee economic prosperity?

a) low wages

b) lack of products

c) population size

d) development stage

Answer: c

Difficulty: Hard

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Blooms Taxonomy: Comprehension

AACSB: Analytic

6) Where does Canada rank on the list of richest countries based on per-capita GDP?

a) 4th

b) 19th

c) 25th

d) 11th

Answer: d

Difficulty: Medium

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

7) The top five nations that Canada trades with are:

a) United States, China, United Kingdom, European Union, and Japan.

b) Mexico, Russia, Spain, Germany, and Ireland.

c) Japan, Korea, United States, Ireland, and Russia.

d) United States, Japan, the Federal Republic of Germany, Russia, and China.

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

8) A country has a(n) \_\_\_\_\_\_\_\_\_\_\_ in making a product for which it can maintain a monopoly or that it can produce at a lower cost than any competitor.

a) trade surplus

b) trade deficit

c) absolute advantage

d) comparative advantage

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.1 1 Explain the primary reasons why nations trade.

Section Reference 1: Why Nations Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

9) The difference between a nation’s imports and its exports is called the

a) balance of trade.

b) exchange rate.

c) balance of payments.

d) budget deficit

Answer: a

Difficulty: Easy

Learning Objective 1: LO4.2 Describe how nations measure international trade and the significance of exchange rates.

Section Reference 1: Measuring Trade between Nations

Bloom’s Taxonomy: Comprehension

AACSB: Communication

10) A balance-of-payments surplus means that:

a) more money has moved into a country than out of it.

b) exports are larger than imports.

c) imports are greater than exports.

d) more money has gone out of the country than has entered it.

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.2 Describe how trade is developed among nations

Section Reference 1: Measuring Trade between Nations

Bloom’s Taxonomy: Comprehension

AACSB: Communication

11) Which of the following is true about exchange rates?

a) Exchange rates are fixed by treaty.

b) Exchange rate changes can quickly create a competitive advantage.

c) Exchange rates do not change much over time.

d) Exchange rates are simpler for currencies such as the Russian ruble.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.2 Describe how trade is measured between nations

Section Reference 1: Measuring Trade between Nations

Bloom’s Taxonomy: Analysis

AACSB: Analytic

12) Canada’s top export in 2014 was:

a) energy products.

b) food products.

c) consumer goods.

d) forestry products.

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.2 Describe how trade is measured between nations.

Section Reference 1: Measuring Trade between Nations

Bloom’s Taxonomy: Knowledge

AACSB: Communication

13) \_\_\_\_\_\_\_\_ occurs when there is a drop in a currency’s value relative to other currencies or a fixed standard.

a) Exchange rate

b) Payment deficit

c) Imbalance of payments

d) Devaluation

Answer: d

Difficulty: Easy

Learning Objective 1: LO4.2 Describe how trade is measured between nations.

Section Reference 1: Measuring Trade between Nations

Bloom’s Taxonomy: Knowledge

AACSB: Communication

14) Which of the following is a social or cultural difference between countries?

a) language

b) values

c) both

d) neither

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers to international trade.

Section Reference 1: Barriers to International Trade

Blooms Taxonomy: Application

AACSB: Analytic

15) Which of the following are more valued in Europe?

a) bonuses

b) employee benefits

c) business efficiency

d) salary

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barrier to international trade..

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Comprehension

AACSB: Communication

16) The basic systems of communication, transportation and energy facilities are referred to as

a) commanding heights.

b) industry sectors.

c) factors of production.

d) infrastructure.

Answer: d

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers to international trade..

Section Reference 1: Barriers to International Trade

Blooms Taxonomy: Knowledge

AACSB: Analytic

17) Which of the following is one area that has no international regulations?

a) oil production

b) the use and protection of water supplies

c) shipping

d) factory conditions

Answer: b

Difficulty: Hard

Learning Objective 1: LO4.3 Identify the major barriers to international trade..

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

18) Taxes, surcharges and duties on foreign products are referred to as:

a) quotas.

b) tariffs.

c) embargos.

d) import restrictions.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers to international trade,.

Section Reference 1: Barriers to International Trade

Blooms Taxonomy: Knowledge

AACSB: Analytic

19) Which of the following is a limit on the amounts of particular products that can be imported?

a) tariff

b) quota

c) embargo

d) exchange control

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

20) A total ban on importing specific products or a total stop to trading with a particular country is referred to as a(n)

a) quota.

b) tariff.

c) embargo.

d) import restriction.

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

21) Which statement is true about less developed countries?

a) They have little access to imports.

b) Their share of the world population will increase in the coming years.

c) They do not participate in the global marketplace.

d) The size of their populations is enough to create a market for goods and services.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Application

AACSB: Analytic

22) Which is the most commonly spoken language in the world?

a) English

b) Hindustani

c) Spanish

d) Mandarin Chinese

Answer: d

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

23) What is the second most widely spoken language in the world?

a) Spanish

b) English

c) Mandarin Chinese

d) Hindustani

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

24) Canadian law forbids Canadian companies from bribing foreign officials,

political candidates, or government representatives. This act prescribes fines and jail time.

a) Anti-Corruption Laws

b) Corruption of Foreign Public Officials Act

c) Human Resources Act

d) International regulations

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

25) Selling products in other countries at prices below production costs, or below typical prices in the home market, to capture market share from domestic competitors is called

a) lowballing.

b) dumping.

c) penetration pricing.

d) international regulations.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.3 Identify the major barriers that confront global businesses.

Section Reference 1: Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

26) The \_\_\_\_\_\_\_\_\_ has substantially reduced worldwide tariffs and other trade barriers.

a) General Agreement on Tariffs and Trade (GATT)

b) World Bank

c) International Monetary Fund (IMF)

d) World Trade Organization (WTO)

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Comprehension

AACSB: Communication

27) Which organization was formed to monitor GATT agreements?

a) The International Monetary Fund

b) The World Bank

c) The United Nations

d) The World Trade Organization

Answer: d

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

28) Trade restrictions create what kind of barrier to international trade?

a) legal and political

b) economic

c) social

d) cultural

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

29) Which organization was formed to lend money to less-developed and developing countries primarily to fund infrastructure projects?

a) World Bank

b) World Trade Organization

c) International Monetary Fund

d) United Nations

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

30) The \_\_\_\_\_\_\_\_ was created to promote trade through financial cooperation and eliminate barriers by making short-term loans to member nations.

a) World Bank

b) International Bank

c) International Monetary Fund

d) Global Assistance Fund

Answer: c

Difficulty: Easy

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Communication

31) In what ways does NAFTA/CUSMA benefit Canada, the United States, and Mexico?

a) It eliminates competition between the countries.

b) The three nations can trade without tariffs or other trade barriers.

c) It created a common currency.

d) Regulations were strengthened in banking and reduced for intellectual property.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Comprehension

AACSB: Communication

32) One example of a free-trade area that is enacted by the United States, Canada, and Mexico is called

a) Common market.

b) North American Free Trade Agreement/CUSMA.

c) Central American Free Trade Agreement.

d) European Union.

Answer: b

Difficulty: Easy

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

33) The best known example of a common market is the:

a) European Union.

b) North American Free Trade Agreement.

c) Central American Free Trade Agreement.

d) Asia-Pacific Agreement.

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.4 Explain how international trade organizations and economic communities reduce barriers to international trade.

Section Reference 1: Reducing Barriers to International Trade

Bloom’s Taxonomy: Comprehension

AACSB: Communication

34) \_\_\_\_\_ allows another firm to produce and sell a company’s product abroad.

a) A foreign license agreement

b) An international franchise

c) Subcontracting

d) A joint venture

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

35) Which form of international involvement typically has the least amount of risk?

a) direct investment

b) franchising

c) exporting or importing

d) subcontracting

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Comprehension

AACSB: Analytic

36) The growth in offshoring has resulted in:

a) increased production costs.

b) loss of Canadian jobs.

c) guaranteed quality enhancement.

d) ease in coordinating distribution.

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Comprehension

AACSB: Communication

37) \_\_\_\_\_\_\_allow companies to partner and share risks, costs, profits, and management with host-country nationals.

a) Franchises

b) Offshoring

c) Multinational corporations

d) Joint ventures

Answer: d

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

38) Bombardier, a Canadian company, sells jetliners in Asia. The jets would be considered \_\_\_\_\_\_\_ in Canada.

a) foreign licensing

b) trade

c) exports

d) direct investment

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Application

AACSB: Analytic

39) Which of the following describes a barter agreement whereby trade between two or more nations involves payment made in the form of local products instead of currency?

a) exchange

b) product trade

c) countertrade

d) licensing

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Knowledge

AACSB: Communication

40) An organization with many operations and marketing activities outside its home country is a

a) global company.

b) transnational organization.

c) multinational corporation.

d) multicounty company.

Answer: c

Difficulty: Medium

Learning Objective 1: LO4.5 Compare the different levels of involvement used by businesses when entering global markets.

Section Reference 1: Going Global

Bloom’s Taxonomy: Knowledge

AACSB: Communication

41) An approach in developing and marketing products to serve different needs and tastes of separate national markets is called a

a) multidomestic business strategy.

b) joint venture.

c) global business strategy.

d) diversified vision.

Answer: a

Difficulty: Medium

Learning Objective 1: LO4.6 Distinguish between a global business strategy and a multidomestic business strategy.

Section Reference 1: Developing a Strategy for International Business

Bloom’s Taxonomy: Knowledge

AACSB: Analytic

42) This is a business strategy that involves standardized products offered worldwide and sold in similar manner in domestic and foreign markets.

a) multidomestic business strategy

b) global business strategy

c) domesticated marketing

d) common market approach

Answer: b

Difficulty: Medium

Learning Objective 1: LO4.6 Distinguish between a global business strategy and a multidomestic business strategy.

Section Reference 1: Developing a Strategy for International Business

Blooms Taxonomy: Knowledge

AACSB: Analytic