

Chapter 1 Questions

1. Can political risk be “managed?” If so, what methods can be used to manage such risk, and how effective are they? Discuss the lengths to which you would go to manage political risk relative to the kinds of returns you would expect to gain.
2. Identify and describe four means of political risk adaptation.
3. What is currency translation exposure? Provide an example to illustrate your answer?
4. What is the difference between common law, Islamic law, and civil law?
5. What methods are used by MNCs to protect intellectual property rights?
6. Explain what is meant by the economic risk of a nation. Use a specific country as an example. Can economic risk in this country be anticipated? How?
7. How does the Internet facilitate both e-commerce and business-to-business transactions?
8. Discuss the effects of various forms of technology on international business. What role does the Internet play? Explain the meaning (Digital) Industry 4.0”. How can managers protect the proprietary technology of their firms?
9. What are the critical skills that will be needed by an individual involved in international business?
10. In which of the following groups of trade blocs does most of today's world trade take place?
 - A) Middle East, China, and India
 - B) North America, Africa, and Canada
 - C) Western Europe, Asia, and the Americas
 - D) Saudi Arabia, Western Europe, and the Gulf
11. Intelligientia is attempting to do business in Bazania, but the Bazanian government purposely delays granting Intelligientia the necessary licenses and permissions required to conduct business in the country. Which of the following best describes this situation?
 - A) creeping expropriation
 - B) nationalization
 - C) barriers to repatriation
 - D) confiscation
12. _____ is the chance that political forces may change a country's business environment in ways that lead investors to lose some or all of the value of their investment or be forced to accept a lower-than-projected rate of return.
 - A) Governmental risk
 - B) Operating risk
 - C) Transaction risk
 - D) Political risk

13. Under which law system must the details of the promises be written into a contract in order for it to be enforced?
- A) common law
 - B) theocratic law
 - C) civil law
 - D) company law
14. Tiffany's is an American jewelry store which discovers that several shops in developing countries are selling counterfeited necklaces under their name and label. Which of the following problems are they facing?
- A) patent expiration
 - B) trademark infringement
 - C) copyright expiration
 - D) monopolization
15. Emerson is a global manufacturing company headquartered in St. Louis, Missouri. The company employs almost 130,000 workers at its 250 manufacturing facilities located on five different continents. Emerson manufactures a wide range of products including air-conditioning compressors, garbage disposers, and automotive parts. Emerson's American operations employ over 50,000 people at manufacturing facilities in Mid- or South America. Emerson needs to build a new manufacturing facility to produce automotive parts for cars manufactured in Detroit. Emerson executives are considering whether to build the new facility in Brazil or in the U.S.

Which of the following, if true, supports the argument to build a new Emerson facility in ?

- A) The Brazilian courts recently ruled in favor of an MNC in an intellectual property rights lawsuit.
 - B) The Brazilian Commonwealth network is investing large amounts of capital in China.
 - C) Brazil has increased Internet controls and blocked most international search sites.
 - D) Brazil is revoking its membership from the World Trade Organization.
16. Emerson is a global manufacturing company headquartered in St. Louis, Missouri. The company employs almost 130,000 workers at its 250 manufacturing facilities located on five different continents. Emerson manufactures a wide range of products including air-conditioning compressors, garbage disposers, and automotive parts. Emerson's Asian operations employ over 50,000 people at manufacturing facilities in Asia. Emerson needs to build a new manufacturing facility to produce automotive parts for cars manufactured in Detroit. Emerson executives are considering whether to build the new facility in China or in the U.S.

Which of the following, if true, undermines the argument to build a new Emerson facility in China?

- A) China has committed over \$500 billion to infrastructure projects.
- B) U.S. firms continue outsourcing service jobs despite the economy.
- C) Fuel costs in China have risen sharply and are not expected to drop.
- D) China is the world's largest exporter of manufactured goods.

17. Emerson is a global manufacturing company headquartered in St. Louis, Missouri. The company employs almost 130,000 workers at its 250 manufacturing facilities located on five different continents. Emerson manufactures a wide range of products including air-conditioning compressors, garbage disposers, and automotive parts. Emerson's Asian operations employ over 50,000 people at manufacturing facilities in Asia. Emerson needs to build a new manufacturing facility to produce automotive parts for cars manufactured in Detroit. Emerson executives are considering whether to build the new facility in India or in the U.S.

Which of the following questions is LEAST relevant to Emerson's decision regarding where to build a new facility?

- A) How will Indian's underdeveloped infrastructure affect Emerson's ability to manufacture and ship products?
 - B) How is Indian's political and economic agenda likely to affect Emerson's investment?
 - C) What is the likelihood of expropriation occurring to Emerson if it builds in India?
 - D) How will e-commerce affect Emerson's ability to export products from India?
18. Robert is a technology officer in an Umerian firm and he manages the firm's operations at its facility in Elador. Robert is considering the idea of installing new technology in the facility that would significantly improve productivity and reduce labor costs. Which of the following undermines the argument that Robert should install the new technology?
- A) Elador's government leaders encourage firms to install the most modern machinery available.
 - B) The high school graduation rate in Elador is higher than in neighboring countries.
 - C) Elador is currently experiencing a very high rate of unemployment.
 - D) The firm's competitors recently installed the same technology.