

Chapter 7 Global Alliances and Strategy Implementation

1. Which of the following is the most beneficial aspect of an international joint venture?
 - A) the international partner receives the entire profit
 - B) the responsibility of risks is solely taken by the international partner
 - C) the partner's local contacts and markets will be utilized
 - D) the entire cost of production will be borne by the local partner

2. _____ refers to value achieved through the combination of market entry, risk sharing, and learning potential that is greater than what the firm could have done alone.
 - A) Shared risk
 - B) Shared knowledge
 - C) Synergy
 - D) Scale economy

3. Which of the following motivates a company to form cross-border alliances?
 - A) to regulate and favor domestic companies
 - B) to gain rapid entry into a new and consolidating market
 - C) to remove exporting barriers for domestic companies
 - D) to allow local companies to gain access to international products and services

4. Globe Cars, a leading automobile ancillary firm in China, has decided to form a global alliance with Fulda, a German tire manufacturing company. Which of the following is a primary challenge that Globe Cars is most likely to face in this alliance?
 - A) existing competitors
 - B) risk of investment
 - C) extreme trade barriers in China
 - D) differences in national cultures

5. Barton & Green is an MNC based in the U.S. that provides a wide range of software development products. Executives at the firm are considering the idea of outsourcing the company's IT infrastructure. Which of the following best supports the argument that Barton & Green should outsource its IT infrastructure to TMC Enterprises, one of the best IT infrastructure maintenance firms in India?
 - A) The main competitor of Barton & Green outsources all IT functions.
 - B) Outsourcing will enhance Barton & Green's competitiveness.
 - C) Barton & Green's employees frequently need IT support, so it is best to outsource the IT infrastructure.
 - D) Barton & Green has proprietary technology and processes.

6. Barton & Green is an MNC based in the U.S. that makes a wide range of software development products. Executives at the firm are considering the idea of outsourcing the company's IT infrastructure. Which of the following questions is the most relevant to Barton & Green's decision to outsource its IT infrastructure to TMC Enterprises, a firm in India?

- A) Which type of operating system is primarily used by TMC Enterprises?
- B) What is the attitude of U.S. consumers about TMC Enterprises?
- C) What is the financial health of TMC Enterprises?
- D) Which other firms have outsourced their processes to TMC Enterprises?

7. Why should a company seek a global alliance over other forms of market entry?

8. What are some of the challenges in implementing global alliances?

9. What is the "dual nature" of strategic alliances?

10. What are the benefits of outsourcing abroad? What should firms do when implementing a global sourcing strategy?

11. What is international joint venture control? Why is it important?

12. How can firms increase the likelihood of forming a successful global alliance? How can e-commerce enablers assist the process?