

MOCK MCQ TEST

**SUBJECT: MANAGEMENT OF
INTERNATIONAL BUSINESS
(MIB)**

PAPER CODE: MS 203

DELHI INSTITUTE OF ADVANCED STUDIES

FOR PRIVATE CIRCULATION

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- 1 Geographical indication specifies:
 - (a) Place of origin of goods only
 - (b) Special characteristics of product associated with place of origin.
 - (c) Both (a) and (b)

- 2 Strategic alliance cannot be between:
 - (a) Manufacturer and supplier
 - (b) Competitors
 - (c) Non- competitors
 - (d) None of the above

- 3 The mode of entry into international business with least risk to the firm is
 - (a) Export house
 - (b) Trading house
 - (c) A manufacturing exporter
 - (d) Merchant exporter.

- 4 A global company can----- its experience to expand its global operations
 - (a) Contract
 - (b) Expand
 - (c) Minimize
 - (d) Leverage

- 5 Governmental regulations can affect the viability & ----- of a company using the internet as a foreign market entry mode.
 - (a) Effectiveness
 - (b) Association
 - (c) Performance
 - (d) None of the above

- 6 _____ typically offer more flexibility in international markets.
 - (a) SMEs
 - (b) LSEs
 - (c) MNEs
 - (d) None of the above

- 7 Within an international context, what are 'economies of scope' synonymous with?
- (a) Reusing a resource from one business/country in additional businesses/countries.
 - (b) Decreased cost per unit of output.
 - (c) Buying components in a bulk.
 - (d) Any of the above.
- 8 Globalization refers to:
- (a) A more integrated and interdependent world
 - (b) Less foreign trade and investment
 - (c) Global warming
 - (d) Lower incomes worldwide
- 9 Which of the following is not a driver of globalization?
- (a) The fragmentation of consumer tastes between countries.
 - (b) The competitive process.
 - (c) Multinational companies successfully persuading governments to lower trading barriers.
 - (d) The need to gain economies of scale.
- 10 Globalization is beneficial for firms because:
- (a) It protects them against foreign competition.
 - (b) It cushions them from the effects of events in other countries.
 - (c) It opens up new market opportunities.
 - (d) It increases the risk and uncertainty of operating in a globalizing world economy.
- 11 The internet facilitates globalization by:
- (a) Making it more difficult to contact potential customers abroad.
 - (b) Cutting the cost for firms of communicating across borders.
 - (c) Making it harder to send money from one country to another.
 - (d) Making it easier for governments to censor the information received by their citizens from abroad.
- 12 Why might MNCs in the past have focused their marketing activities on the triad?
- (a) That is where the most lucrative markets were located.
 - (b) Income per head in developing countries was relatively low.
 - (c) Transport and communication links were improving outside the triad.
 - (d) Technologically advanced goods and services do not appeal to consumers in developing economies.

- 13 Globalization can create problems for business because:
- (a) It can result in more competition.
 - (b) It increases vulnerability to political risk and uncertainty when operating abroad.
 - (c) It means that they can increase prices.
 - (d) All of the options given are correct.
- 14 Which of the following statements on civil law systems would be seen as an advantage by business?
- (a) Civil law systems operate in very few countries.
 - (b) Relevant areas of law are much easier to find than in common law systems.
 - (c) Relevant areas of law are more difficult to find than in common law systems.
 - (d) Lawyers act as oral advocates for their clients.
- 15 How does international law facilitate international trade and investment?
- (a) It makes it easier to resolve contract disputes for firms involved in international trade and investment.
 - (b) It allows business to choose the most favorable national legal system to institute proceedings.
 - (c) The terms used in international conventions are open to differing interpretations.
 - (d) The Uniform Commercial Code favors big US multinationals.
- 16 Laws relating to The Single Market Program allow EU-based companies to:
- (a) Move goods and services from any member state to another.
 - (b) Transfer managers to any member state.
 - (c) Invest anywhere in the EU.
 - (d) All of the options given.
- 17 Competition Law in the EU means that firms:
- (a) Are free to set up international cartels.
 - (b) May be refused permission to take over a US competitor.
 - (c) Can not be made to repay government financial assistance.
 - (d) Can cross-subsidise loss-making services from profitable activities.
- 18 The law relating to E-Commerce fits which of the following descriptions:
- (a) It comprises a single set of laws.
 - (b) The law lacks clarity.
 - (c) There is no problem applying contract law to the internet.
 - (d) The law makes it easy to deal with foreign computer hackers.

- 19 The existence of different currencies is beneficial to private financial institutions because:
- (a) Each country has its own currency.
 - (b) The exchange rate of each currency is fixed by the International Monetary Fund.
 - (c) A collapse in the exchange rate of a currency can cause economic disruption.
 - (d) Profits can be made from arbitrage.
- 20 The International Monetary Fund is important because:
- (a) It has sufficient financial resources to deal with a major global financial crisis.
 - (b) It has sufficient financial resources to help individual countries facing balance of payments problems.
 - (c) Emerging economies can exercise significant influence on it.
 - (d) It fixes exchange rates.
- 21 Which of the following are characteristic of the period when financial bubbles burst?
- (a) Excessive optimism about future asset prices.
 - (b) Excessive pessimism about future asset prices.
 - (c) Rising house prices.
 - (d) Rising share prices.
- 22 What functions do financial institutions traditionally perform?
- (a) They immobilise savings.
 - (b) They concentrate risk.
 - (c) They spread risk.
 - (d) They offer only short-term finance.
- 30 The balance of payments includes which of the following?
- (a) a country's balance of trade
 - (b) foreign investments
 - (c) foreign aid
 - (d) all of the above
- 31 Globalization refers to:
- (a) A more integrated and interdependent world
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 - (c) Global warming
 - (d) Lower incomes worldwide

- 32 Which one of the following is a pull factor in emigration?
- (a) Political oppression
 - (b) Job opportunities
 - (c) Food shortages
 - (d) War
- 33 Which of the following do NOT facilitate globalization?
- (a) Improvements in communications
 - (b) Barriers to trade and investment
 - (c) Immigration controls
 - (d) Removal of controls on movement of capital across borders
- 34 Which of the following constitutes Foreign Direct Investment?
- (a) A speculator trying to make a profit by buying company shares on a foreign stock exchange.
 - (a) A UK energy company buying territory abroad where it expects to find oil reserves.
 - (b) A tourist purchasing foreign currency to spend on a holiday abroad.
 - (c) A company signing an agreement with a wholesaler to distribute its products in foreign markets.
- 35 Which of the following could be defined as a multinational company?
- (a) A firm that owns shares in a foreign company but does not participate in the company's decision making.
 - (b) A UK based internet package holiday firm specializing in selling tours to Turkey to German customers.
 - (c) A firm owning a chain of supermarket outlets outside its country of origin.
 - (d) A finance company transferring its HQ and all its activities from the UK to the US.
- 36 Which of the following is a driver of globalization?
- (a) Trade barriers and controls on inflows of foreign direct investment.
 - (b) Weak competition.
 - (c) Technological advance.
 - (d) Economies of scale are being exploited to the maximum.
- 37 Globalization is beneficial for firms because:
- (a) It protects them against foreign competition.
 - (b) It cushions them from the effects of events in other countries.
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- 40 Globalization can create problems for business because:
- (a) It can result in more competition.
 - (b) It reduced vulnerability to political risk and uncertainty when operating abroad.
 - (c) It means that they can increase prices.
 - (d) All of the options given are correct.
- 41 Ethnocentric views concentrate on their
- (a) home country
 - (b) host country
 - (c) world orientation
 - (d) Racial orientation
- 42 In a global market place
- (a) the entire world is a market place
 - (b) national borders are irrelevant
 - (c) the potential for organizations to grow expands dramatically
 - (d) All of the above
- 43 In a global market place Managers must
- (a) deals with economic, political and cultural differences
 - (b) expect competitors to suddenly appear at any time from any place
 - (c) not to take specific differences of local environment into consideration
 - (d) A and B
44. Trade Related Investment Measures (TRIMS) doesn't apply for
- (a) Measures that affect trade in goods.
 - (b) Measures that lead to restrictions in quantities.
 - (c) Discouraging measures that limit a company's imports.
 - (d) Discouraging measures that limit a company's exports.

45. General Agreement on Trade in Services will not be applicable to
- (a) Services supplied from one country to another – cross border supply
 - (b) Transaction of goods across the border – Export Import
 - (c) Individuals traveling from own country to supply services in another – presence of natural persons.
 - (d) Consumers/firms making use of a service in another country – consumption abroad.
 - (e) Foreign company setting up subsidiary or branches to provide services in another country –commercial presence.
46. As a part of WTO guidelines, Agreement on Agriculture (AOA) doesn't consider
- (a) Direct payments to farmers are permitted.
 - (b) Indirect assistance and support to farmers including R & D support by govt. are not permitted.
 - (c) Domestic policies which directly effect on production and trade have to be cut back.
 - (d) Least developed countries do not need to make any cuts.
47. Quantitative restrictions refer to limit set by countries to curb
- (a) Measures that affect trade in goods.
 - (b) Measures that lead to restrictions in quantities.
 - (c) Discouraging measures that limit a company's imports.
 - (d) Discouraging measures that limit a company's exports.
48. A Most Favored nation status doesn't necessarily refers to
- (a) Same and equal economic treatment
 - (b) Non-discriminatory treatment
 - (c) Same tariff rates applicable
 - (d) Uniform civil code
49. The world trade organization was formed in the year _____ with GATT as it basis.
- (a) 1993
 - (b) 1994
 - (c) 1995
 - (d) 1996
50. Specific cultural dimensions that does not have a significant impact on cross national business interactions is
- (a) Hofstede's five cultural dimensions
 - (b) Monochromatic vs polychromatic tune
 - (c) Communication
 - (d) Geography

51. NAFTA is an example of
- (a) Common Market
 - (b) Customers Union
 - (c) Economic Community
 - (d) Free Trade Area
52. Which one is not an international organization
- (a) SAARC
 - (b) ASEM
 - (c) ASEAN
 - (d) CBDT
53. Which of the following is not an International Financial Institution
- (a) ICICI
 - (b) IMF
 - (c) IDA
 - (d) World Bank
54. What one of the following is not the advantage of MNCs to the host country
- (a) Increase in social activities
 - (b) increase in economic activities
 - (c) Utilisation of natural resource
 - (d) R&D efforts enhanced.
55. In terms of the PESTLE analysis, the liberalizing of international trade and tariff regimes could go in which section or sections?
- (a) Political
 - (b) Legal
 - (c) Political and economic and legal
 - (d) Political and environmental
56. An 'industry recipe' can be defined as:
- (a) An accepted pattern of operating and competing
 - (b) A tactic for anticipating a competitor's next move
 - (c) The hidden competences that are difficult to imitate
 - (d) A strategic group
57. Typically, profits are highest in which stage of the industry life-cycle?
- (a) Introduction
 - (b) Growth
 - (c) Maturity
 - (d) Decline

58. The corporate culture of a firm is more effectively carried to the managers who are
- Host country nationals
 - Home country nationals
 - Third country nationals
59. Posting of home country nationals for all key management positions throughout the globe is supported by:
- Geocentric staffing model.
 - Polycentric staffing model.
 - Ethnocentric staffing model.
60. Which of the following is NOT a business opportunity generated by globalization?
- Access to low cost labour.
 - Cheap International transport.
 - Currency crises.
 - Less stringent regulation of the business environment.

ANSWER KEY

1	(a)	11	(a)	21	(b)	31	(a)	41	(a)	51	(d)
2	(c)	12	(a)	22	(a)	32	(d)	42	(d)	52	(d)
3	(d)	13	(b)	23	(d)	33	(c)	43	(d)	53	(a)
4	(a)	14	(b)	24	(b)	34	(b)	44	(b)	54	(a)
5	(c)	15	(c)	25	(b)	35	(c)	45	(b)	55	(d)
6	(d)	16	(a)	26	(d)	36	(b)	46	(b)	56	(c)
7	(a)	17	(c)	27	(b)	37	(a)	47	(c)	57	(b)
8	(a)	18	(b)	28	(b)	38	(d)	48	(d)	58	(b)
9	(c)	19	(a)	29	(b)	39	(d)	49	(c)	59	(c)
10	(b)	20	(a)	30	(d)	40	(d)	50	(d)	60	(c)