



IDEA INSTITUTE OF MANAGEMENT & TECHNOLOGY

3rd Floor, Kamar Trust Building, Aroma High School, Usmanpura, Ashram Road, Ahmedabad - 380013.

☎ : 2755 2040, 2755 2600, 9727 411 411 • www.ideaindia.org • info@ideaindia.org

International Business Management

11:00am to 1:00pm

Semester – IV

June 6, 2010

SECTION A (ONE MARKS)

- (1) What are the areas involved in the way to look at cultural contents?
- (a) beliefs
 - (b) goals
 - (c) values
 - (d) all of the above

Answer : D

- (2) What are the key dimensions to surround the cultural dimensions?
- (a) individualism vs. collectivism
 - (b) power distance
 - (c) masculinity vs. femininity
 - (d) all of the above

Answer : D

(3) It is the process through which inflation is brought under control and lowered over time, after the initial burst of high inflation that follows from liberalization and the release of pent-up demand

- (a) Liberalization
- (b) Macroeconomic stabilization
- (c) Restructuring and privatization
- (d) legal and institutional reforms

Answer : B

- (4) What are the areas to be looked at cultural contents?
- (a) beliefs
 - (b) goals
 - (c) values
 - (d) all of the above

Answer : D

(5) The process of creating a viable financial sector and reforming the enterprise in these economies to render them capable of producing goods that could be sold in free markets and of transferring their ownership into private hands.

- (a) Liberalization
- (b) Macroeconomic stabilization
- (c) Restructuring and privatization
- (d) legal and institutional reforms

Answer : C

(6) Which of the following is included in the Territorial Tax Jurisdiction?

(a) any business income earned on the US territory is subject to income tax regardless of whether the business is owned by foreigners.

- (b) any foreign spruce income earned by the nationals is exempt from taxation
- (c) both a and b
- (d) none of the above

Answer : C

(7) The Council for Trade in Goods.

- (a) Goods Council
- (b) Services Council
- (c) TRIPS Council
- (d) none of the above

Answer : A

(8) What are the main motives of FDI?

- (a) growth
- (b) market competition
- (c) protection
- (d) all of the above

Answer : D

(9) The Council for Trade related aspects of intellectual property rights.

- (a) Goods Council
- (b) Services Council
- (c) TRIPS Council
- (d) none of the above

Answer : C

(10) Which of the following bodies handles the day to day work between the ministerial conferences is handled by three bodies.

- (a) The General Council
- (b) The Dispute Settlement Body
- (c) The Trade Policy Review Body
- (d) all of the above

Answer : D

(11) What are the objectives of GATT?

- (a) to encourage trade
- (b) to replace non-tariff barriers with tariff barriers
- (c) providing the most favourable trade terms offered to anyone to all members of the agreement
- (d) all of the above

Answer : D

(12) What are the major effects of protectionism?

- (a) it tends to lead to additional tariffs or other protectionist measures by other countries.
- (b) it leads to weakening of the trade balance
- (c) both a and b
- (d) none of the above

Answer : C

(13) What are the ways of doing protectionism?

- (a) tariff barriers
- (b) voluntary export restraints
- (c) subsidies to domestic products
- (d) all of the above

Answer : D

What are the factors that necessitate the trade?

- (a) technological advances
- (b) certain product lines
- (c) both a and b
- (d) none of the above

Answer : C

(15) What are the various reasons for the organizations doing business at a small scale in earlier years than today?

- (a) difficulties in transportation and communication
- (b) border disputes
- (c) certain natural resources
- (d) all of the above

Answer : D

(16) These are needed to redefine the role of the state in these economies, establish the rule of law, and introduce appropriate competition policies.

- (a) Liberalization
- (b) Macroeconomic stabilization
- (c) Restructuring and privatization
- (d) legal and institutional reforms

Answer : D

(17) What are the methods of entry strategies?

- (a) exporting
- (b) licensing
- (c) contract manufacturing
- (d) all of the above

Answer : D

(18) Issued by a bank, indicating that the bank will make payments under specific circumstances.

- (a) legal risk
- (b) legal system
- (c) letter of credit
- (d) licensing

Answer : C

(19) It occurs when a firm licenses the right to produce its product, use its production processes, or use its brand name or trademark to another firm.

- (a) legal risk
- (b) legal system
- (c) letter of credit
- (d) licensing

Answer : D

(20) Which of the following is the main aspect of globalization?

- (a) trade
- (b) capital movements
- (c) movements of people
- (d) all of the above

Answer : D

(21) The source country for foreign direct investment.

- (a) hedge fund
- (b) home country
- (c) horizontal differentiation
- (d) human development index

Answer : B

(22) What are the components of developing countries?

- (a) Macroeconomic stability to create the right conditions for investment and saving
- (b) Outward oriented policies to promote efficiency through increased trade and investment
- (c) Structural reform to encourage domestic competition
- (d) all of the above

Answer : D

(23) What are the ways by which the advanced economies can make a vital contribution to the low-income countries?

- (a) by prompting trade
- (b) by encouraging flows of private capital
- (c) by supplementing more rapid debt
- (d) all of the above

Answer : D

(24) It is the process of allowing most prices to be determined in free markets and lowering trade barriers that had shut off contact with the price structure of the world's market economies.

- (a) Liberalization
- (b) Macroeconomic stabilization
- (c) Restructuring and privatization
- (d) legal and institutional reforms

Answer : A

(25) The organization that succeeded the GATT as a result of the successful completion of the Uruguay round of GATT negotiations.

- (a) zero-sum game
- (b) world bank
- (c) WTO
- (d) Worldwide area structure

Answer : C

(26) What are the features of primary resource of research?

- (a) the research that a firm conducts for its own needs
- (b) it involves finding information compiled by someone else
- (c) one of the most convenient sources
- (d) none of the above

Answer : A

(27) The costs of exchange.

- (a) transfer fee
- (b) transfer price
- (c) transaction costs

(d) transaction exposure

Answer : C

(28) The likelihood that political forces will cause drastic changes in a country's business environment that will adversely affect the profit and other goals of a particular business enterprise.

- (a) political economy
- (b) political risk
- (c) political system
- (d) polycentric staffing

Answer : B

(29) A situation in which an economic gain by one country results in an economic loss by another.

- (a) zero-sum game
- (b) world bank
- (c) WTO
- (d) Worldwide area structure

Answer : A

(30) International institution set up to promote general economic development in the world's poorer nations.

- (a) zero-sum game
- (b) world bank
- (c) WTO
- (d) Worldwide area structure

Answer : B

(31) A bank charge for moving cash from one location to another.

- (a) transfer fee
- (b) transfer price
- (c) transaction costs
- (d) transaction exposure

Answer : A

(32) System of rules that regulate behavior and the processes by which the laws of a country are enforced and through which redress of grievances is obtained.

- (a) legal risk
- (b) legal system
- (c) letter of credit
- (d) licensing

Answer : B

(33) Investment fund that not only buys financial assets but also sells them short.

- (a) hedge fund
- (b) home country
- (c) horizontal differentiation
- (d) human development index

Answer : A

(34) Business organizational structure under which the world is divided into areas.

- (a) zero-sum game
(b) world bank
(c) WTO
(d) Worldwide area structure

Answer : D

- (35) A cooperative undertaking between two or more firms.
(a) joint venture
(b) JIT
(c) lag strategy
(d) lead market

Answer : A

- (36) What are the features of bill of lading?
(a) a type of document that is used to acknowledge the receipt of a shipment of goods and is an essential document in transporting goods overland to the exporter's international carrier
(b) involves the use of at least different modes of transport from road, air, rail and sea
(c) both a and b
(d) none of the above

Answer : C

- (37) What are the tips to exporters to be taken care off?
(a) communicate with your customers in detail before they apply for letters of credit
(b) consider whether a conformed letter of credit is needed
(c) ask for a copy of the application to be fax to you , so you can check for terms or conditions that may cause you problems in compliance
(d) all of the above

Answer : D

- (38) What kind of discrepancies can be found between letter of credit and supporting documents?
(a) stale dated documents
(b) a document required by the credit is not presented
(c) ports of loading and destination not as specified in the credit
(d) all of the above

Answer : D

- (39) What are the elements of letter of credit?
(a) a payment undertaking given by a bank
(b) on behalf of a buyer
(c) to pay a seller for a given amount of money
(d) all of the above

Answer : D

- (40) Any firm that engages in international trade or investment.
(a) International business
(b) International division
(c) International monetary fund
(d) international strategy

Answer : A

() SECTION B

(41) .Which of the following is included in export stage?

- (a) Initial enquiries
- (b) limit to foreign sales
- (c) payment
- (d) none of the above

Answer : A

(42) There are ___ways to measure the wealth of a country.

- (a) two
- (b) three
- (c) four
- (d) five

Answer : A

(43) ___is common in Europe, and gives considerably shorter leeway to judges, who are charged with "matching "specific laws to situations.

- (a) Common law
- (b) Code law
- (c) Islamic law
- (d) Socialist law

Answer : B

(44) Sometimes called the Standards Code .

- (a) subsidies and countervailing measures
- (b) customs valuation
- (c) anti-dumping
- (d) Technical barriers to trade

Answer : D

(45) What are the ways by which the WTO achieves its targets?

- (a) administrating trade agreements
- (b) settling trade disputes
- (c) reviewing national trade policies
- (d) all of the above

Answer : D

(46) .Which of the following monetary is the objection to any scheme for exchange rate regime?

- (a) it would require largely devoting monetary policy to the requirements of exchange
- (b) the three-major currency areas do not conform to the usual criteria for an optimum currency area
- (c) both a and b
- (d) none of the above

Answer : C

(47) _____may be seen as the adoption by States of common legal standard governing particular aspects of international business transactions.

- (a) unification

- (b) harmonization
(c) both a and b
(d) none of the above

Answer : A

(48) The UNCITRAL is composed of ___ member's states elected by the General Assembly.

- (a) 67
(b) 56
(c) 60
(d) 54

Answer : C

(49) UNCITRAL' membership was expanded in 1973 to _____ states.

- (a) 29
(b) 36
(c) 45
(d) 54

Answer : B

(50) ___ involves having someone else manufactures products while you take in some of the marketing efforts yourself.

- (a) Contract manufacturing
(b) Licensing
(c) Direct entry
(d) Exporting

Answer : A

(51) The terms of half the members of UNCITRAL expires every years.

- (a) 7
(b) 9
(c) 2
(d) 3

Answer : D

(52) ___ in the major financial centers did not monitor developments sufficiently closely.

- (a) CFOs
(b) regulators
(c) CEOs
(d) Managing Director

Answer : B

(53) Being a global organization means:

- (a) creating standardized products for homogeneous markets.
(b) creating both standardized and customized products.
(c) customizing the product range for each segment in part.
(d) any of the above

Answer : B

(54) _____ typically offer more flexibility in international markets.

- (a) SMEs

- (b) LSEs
(c) MNEs
(d) None of the above

Answer : A

- (55) The main aim of global marketing is to:
(a) satisfy global customers better than competition.
(b) find global customers.
(c) coordinate the marketing activities within the constraints of the global environment
(d) achieve all of the above

Answer : D

- (56) Key controllable factors in global marketing are:
(a) government policy and legislation.
(b) marketing activities and plans.
(c) social and technical changes.
(d) all of the above

Answer : B

(57) An arrangement in which one company allows another company to use its name, products, patents, brands, trademarks, raw materials, and/or production processes in exchange for a royalty is called

- (a) licensing.
(b) a joint venture.
(c) direct investment.
(d) a trading company.

Answer : A

(58) Regionalism is:

- (a) an international management orientation and a protectionist policy created to exclude third world countries from certain forms of international trade.
(b) an international management orientation.
(c) a protectionist policy created to exclude third world countries from certain forms of international trade.
(d) the grouping of countries into regional clusters based on geographic proximity.

Answer : D

(59) ___ refers to relatively quantifiable measures such as country's GDP, number of telephones per thousand residents and birth rates.

- (a) hard data
(b) soft data
(c) both a and b
(d) none of the above

Answer : A

(60) The original GATT countries were among over 50 which agreed a draft Charter for an International Trade Organization.

- (a) 29
(b) 21
(c) 23

- (d) 30
Answer : C

(O) SECTION C

(61) A tax levied on imports .

- (a) strategy
- (b) subsidy
- (c) swaps
- (d) tariff

Answer : D

(62) A tariff levied as a proportion of the value of an imported good.

- (a) absolute advantage
- (b) ad valorem tariff
- (c) Andean Pact
- (d) Administrative trade policies

Answer : B

(63) Entry is early when a firm enters a foreign market before other foreign firms and late when a firm enters after other international businesses have established themselves.

- (a) technical analysis
- (b) temporal method
- (c) time-based competition
- (d) timing of entry

Answer : D

(64) A country has an absolute advantage in the production of a product when it is more efficient than any other country at producing it.

- (a) absolute advantage
- (b) ad valorem tariff
- (c) Andean Pact
- (d) Administrative trade policies

Answer : A

(65) These are the imperfections in the operation of the market mechanism.

- (a) market economy
- (b) Market imperfections
- (c) Market
- (d) management networks

Answer : B

(66) Extension of a firm's activities into adjacent stages of [production] .

- (a) values
- (b) Vertical differentiation
- (c) Vertical integration
- (d) vertical foreign direct investment

Answer : C

(67) Regulations designed to restrict the sale of goods or less than their fair market price.

- (a) Arbitrage
- (b) Antidumping Regulations

(c) Antidumping Policies

(d) ASEAN

Answer : B

(68) What are the key benefits of WTO?

- (a) the system helps to keep the peace
- (b) allows disputes to be handled constructively
- (c) freer trade cuts the cost of living
- (d) all of the above

Answer : D

(69) A technique used to reduce the number of transactions between subsidiaries of the firm, thereby reducing the total transaction costs arising from foreign exchange dealings and transfer fees.

- (a) mores
- (b) money management
- (c) multilateral netting
- (d) multipoint pricing

Answer : C

(70) .Arrange the following step in order :

(i) seller presents the required documents to the advising or confirming bank to be processed for payment (ii) buyer applies to his bank for a letter of credit in favor of the seller (iii) advising bank will authenticate the credit and forward the original credit to the seller (iv) buyer and seller agree to conduct business

- (a) i,ii,iii,iv
- (b) iv, ii, iii, i
- (c) iii,ii,iv,i
- (d) i,ii,iv,i

Answer : B

(71) If Ecuador wants to purchase heavy equipment from a Canadian company but lacks

- (a) International Monetary Fund
- (b) World Bank
- (c) Citicorp Bank
- (d) International Bank

Answer : A

(72) Wendy's, Pizza Hut, and McDonald's are well-known_____with international visibility.

- (a) franchisers
- (b) trading companies
- (c) joint ventures
- (d) contract manufacturers

Answer : A

(73) Which of the following is an example of a globalized product?(a) different formulations of Hills Bros. Coffee in France, the United Kingdom, and Canada

- (b) Lever Brothers bar soaps tailored to different countries' water conditions
- (c) American clothing, movies, and music
- (d) Colgate-Palmolive's hand-powered washing machine for LDCs



IDEA INSTITUTE OF MANAGEMENT & TECHNOLOGY

3rd Floor, Kamar Trust Building, Aroma High School, Usmanpura, Ashram Road, Ahmedabad - 380013.

☎ : 2755 2040, 2755 2600, 9727 411 411 • www.ideaindia.org • info@ideaindia.org

Answer : C

(74) A 1969 agreement between Bolivia, Chile, Ecuador, Colombia, and Peru to establish a custom union.

- (a) absolute advantage
- (b) ad valorem tariff
- (c) Andean Pact
- (d) Administrative trade policies

Answer : C

(75) It occurs when a pricing strategy in one market may have an impact on a rival's pricing strategy in another market.

- (a) mores
- (b) money management
- (c) multilateral netting
- (d) multipoint pricing

Answer : D

