**Special Topics in Internationalization**

**Quiz**

**March 2024**

**NAME:**

**ID NUMBER:**

**Yes/No Questions**

**Instructions: Read the following statements carefully and decide whether they are correct or not.**

**Q1.** **Intangible assets** (Right answer) include technical & reputational assets. ×

**Q2.** **Capabilities** (Right answer) refer to abilities to connect different stages of the value chain. ×

**Q3.** **Outsourcing** (Right answer) is defined as shifting over an organizational activity to an outside supplier that will perform it on behalf of the focal firm. ×

**Q4.** **Causal ambiguity** (Right answer) means the difficulty of identifying the causal determinants of successful firm performance. ×

**Q5.** Appropriability refers to the ability of the firm to exploit or appropriate the values of resources & capabilities. ◎

**Q6.** The resource-based view of the firm (RBV) attaches importance to the logic that a firm’s competitive advantage lies in its **internal organization** (Right answer). ×

**Q7.** Liability of outsidership means the inherent disadvantage that outsiders experience in a new environment because of their lack of familiarity. ◎

**Q8.** **Corporate governance** (Right answer) refers to rules by which shareholders and other interested parties control corporate decision-makers. ×

**Q9.** Low context culture can be defined as a culture in which communication is usually taken at face value without much reliance on unspoken context. ◎

**Q10.** British economist David Ricard developed a theory of comparative advantage in 1817. This theory **focuses on the relative advantage in one economic activity that one nation enjoys in comparison with other nations** (Right answer)**.** ×

**Multiple Choice Questions**

**Instructions: Read the following questions carefully and choose the letter that best describes the answer. Write your answer in a separate sheet of paper.**

**Q11.** Which of the following statements is **NOT TRUE**?

1. Formal institutions include laws, regulations and rules that are set by the authorized bodies.
2. Informal institutions are rules that are not formalized but exist in, for example, norms and values.
3. Formal institutions (INFORMAL INSTITUTIONS) concern what behaviors are morally right and wrong, and what is important and what is not within a society.
4. Formal institutions are regarded as the regulatory pillar that reflects the coercive power of governments.

**Q12.** Which of the following statements is **NOT TRUE**?

1. Common law (CIVIL LAW) is based on written books of law that have been influenced by Roman law and by the French code civil of 1804.
2. Common law, which is English in origin, is shaped by statutes as well as precedents and traditions from previous judicial decisions.
3. Common law gives more weight to customary law, and the courts play a more central role in defining the law.
4. Common law may provide businesses with greater freedom to set their own rules when writing contracts.

**Q13.** Which of the following statements is **NOT TRUE**?

1. Varieties of capitalism implies a scholarly view suggesting that economies have different logics on how markets and other mechanisms coordinate economic activity.
2. In a coordinated market economy (CME), economic actors such as businesses, governments, trade unions and industry associations coordinate their actions through a variety of mechanisms.
3. A liberal market economy (LME) is a system of coordination primarily through market signals.
4. In LMEs, such as the USA, the UK and Canada (IN CMEs), employees may have representatives on corporate boards, and businesses may be directly involved in the educational system, especially vocational training.

**Q14.** Which of the following statements is **TRUE**?

1. Foreign firms have to overcome a liability of foreignness, which is the inherent disadvantage that outsiders experience in a new environment, because of their lack of familiarity with local contexts.
2. The liability of foreignness decreases the more a firm’s origins differ from the host environment, the less the firm has experience in the host country and the further away its nearest prior affiliate.
3. The primary asset of foreign firms is not necessarily overwhelming resources and capabilities that offset the liability of foreignness.
4. Rich networks and legitimacy in the local context would contribute to increasing the liability of foreignness.

**Q15.** Which of the following statements is **TRUE**?

1. Institutions are static rather than dynamic.
2. Institutional transition, defined as fundamental and comprehensive change introduced to the formal and informal rules of the game that affect organizations as players is common, especially in emerging economies.
3. Vietnam followed an incremental, ‘gradualist’ approach, whereas China pursued a radical, ‘big bag’ reform.
4. In the absence of a credible institutional framework that protects investors, foreign investors are likely to invest in a country.

**Q16.** Intellectual property rights (IPRs) primarily include rights associated with:

1. Patents
2. Copyrights
3. Trademarks
4. All of the above

**Q17.** The definition of trademarks is:

1. Exclusive legal rights of authors and publishers to publish and disseminate their work.
2. Exclusive legal rights of firms to use specific names, brands and designs to differentiate their products from others.
3. Legal rights awarded by government authorities to investors of new technological ideas, who are given exclusive rights to derive income from such inventions.
4. Exclusive legal rights of a creative work not connected with the work's actual author.

**Q18.** Which of the following statements is TRUE?

1. Power distance is the extent to which less powerful members within a country expect and accept that power is distributed unequally.
2. Uncertainty avoidance refers to values traditionally associated with female role, such as compassion, care and quality of life.
3. Highly masculine societies led by Japan typically maintain a sharp role differentiation along gender lines, with most leadership positions taken by men.
4. Solicitation of subordinate feedback and participation is a daily routine in high power distance countries whilst it is often regarded as a sign of weak leadership in low power distance countries.

**Q19.** Which of the following statement best describes “goodwill”?

1. The value of a firm’s abilities to develop and leverage its reputation.
2. Employees’ shared values, traditions and social norms within an organization.
3. Assets that are observable and easily quantified.
4. Firm-specific abilities to use resources to achieve organizational objectives.

**Q20.** “Tangible resources” include:

1. Patents
2. Brands
3. Relationships
4. None of the above

**Q21.** “Capabilities in corporate coordination” **DO NOT** include:

1. Ability to realize business model innovation.
2. Ability to attract and manage financial resources.
3. Ability to manage government relations.
4. Ability to develop global talent.

**Q22.** Which of the following statements best describes “captive offshoring”?

1. Setting up subsidiaries abroad – the work done is in-house but the location is foreign.
2. Moving an activity to a location abroad.
3. Outsourcing to another firm doing the activity abroad.
4. Offshoring to a nearby location.

**Q23.** Which of the following statements best describes “factor endowment theory”?

1. A theory that suggests that the competitive advantage of certain industries in different nations depends on four aspects that form a diamond.
2. A theory that focuses on the relative advantage in one economic activity that one nation enjoys in comparison with other nations.
3. A theory that accounts for changes in the patterns of trade over time by focusing on product life cycle.
4. None of the above.

**Q24.** Which of the following statements is **TRUE**?

1. Import quotas lower firms’ costs of production, provide an additional revenue stream and allow firms to stay in business even when they lack competitive advantage.
2. By constraining the volume of trade, subsidies have a similar effect to a monopoly: supply is constrained, and prices go up, producers earn higher rents and consumers pay more.
3. Voluntary export restraints (VERs) have been developed to show that, on the surface, exporting countries voluntarily agree to loosen their exports.
4. Anti-dumping duties are the costs levied on imports that have been selling below costs to unfairly drive domestic firms out of business.

**Q25.** Catastrophic risks include:

1. Military action
2. Ethnic discord
3. Illegal regime change
4. All of the above

**Q26.** Which of the following statements is **TRUE**?

1. The VRIO framework is the resource-based framework that focuses on the venture creation (V), rarity (R), Institutional (I), and optimum (O) aspects of resources.
2. The VRIO framework is the resource-based framework that focuses on the value creation (V), risk (R), Inimitability (I), and operational (O) aspects of resources.
3. The VRIO framework is the resource-based framework that focuses on the value creation (V), rarity (R), Inimitability (I), and organizational (O) aspects of resources.
4. The VRIO framework is the resource-based framework that focuses on the value chain (V), rarity (R), Information-specific (I), and ownership (O) aspects of resources.

**Q27.** Which of the following statements best describes “globalization”?

1. The removal of regulatory restrictions on business.
2. A process leading to greater interdependence and mutual awareness among economic, political, and social units in the world and among actors in general.
3. A phenomenon that is characterized by the invisible hand of market forces.
4. Intensification of intra-regional social and economic interactions.

**Q28.** Which of the following statements best describes “balance of trade”?

1. An economic condition in which a nation imports more than it exports.
2. The aggregation of importing and exporting that leads to the country-level trade surplus or deficit.
3. Trade uninhibited by trade barriers.
4. Government policies designed to protect a domestic industry from foreign competition.

**Q29.** Which of the following statements does NOT describe the “product life cycle theory”?

1. Raymond Vernon of Harvard divided the world into three categories: (1) lead innovation nation (the USA), (2) other developed nations and (3) developing nations.
2. One of the major drawbacks inherent in the product life cycle theory is that it assumes that the USA will always be the lead innovation nation for new products, but this was probably true in the immediate post WWII period.
3. The product life cycle theory suggests a stage-by-stage migration of production that takes several years, but the reality of the 21st century is an increasing number of firms now simultaneously launch new products around the globe.
4. The product life cycle theory is the first multilevel theory to realistically connect firms, industries and nations.

**Q30.** Which of the following statements describes “benchmarking”?

1. An examination of resources to perform a particular activity compared with competitors.
2. The ability of the firm to appropriate the values for itself.
3. The ability to deliver persistently above-average performance.
4. Efforts to create, develop and defend markets that satisfy the needs and wants of individual and business customers.

**Yes/No Questions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Q1.** | **Q2** | **Q3.** | **Q4.** | **Q5.** | **Q6.** | **Q7.** | **Q8.** | **Q9.** | **Q10.** |
| **No** | **No** | **No** | **No** | **Yes** | **No** | **Yes** | **No** | **Yes** | **No** |

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Q11.** | **Q12** | **Q13.** | **Q14.** | **Q15.** | **Q16.** | **Q17.** | **Q18.** | **Q19.** | **Q20.** |
| **C** | **A** | **D** | **A** | **B** | **D** | **B** | **C** | **A** | **D** |
| **Q21.** | **Q22** | **Q23.** | **Q24.** | **Q25.** | **Q26.** | **Q27.** | **Q28.** | **Q29.** | **Q30.** |
| **A** | **A** | **D** | **D** | **D** | **C** | **B** | **B** | **D** | **A** |