**QUIZ 1**

**Instructions: Read the following sentences carefully and choose the words indicated in the box that best describe the answer.**

1. **The Uppsala theory**, conceptualized by Johanson and Vahlne, is a dynamic learning model of internationalization.
2. **MNCs** are those engaging in business activities & managing entities which yield profits in 2 countries or more including the home country.
3. **Cultural distance** refers to differences in languages, tribes, ethnic groups, religious practices etc.
4. Languages & religions are two underlying ingredients of **culture**.
5. In **masculine societies**, the roles of men & women overlap less, and men are expected to behave assertively.
6. (1) Partner complementarity, (2) partner commitment and trust, and (3) partner compatibility are three key requirements for **partner selection** in terms of joint venture projects.
7. **Greenfield investment** is an equity-based entry mode to set up a foreign unit from scratch.
8. **Globalization** refers to the world’s social and cultural interconnectedness about political interdependence and through economic means of market integration.
9. **Global focusing** refers to a refocus and shift in global organizations from a more diversified perspective into a far narrower industry focus with the organization’s objective of replicating the process throughout the world.
10. Korean and Chinese companies still rely heavily on highly added-value components made by **Japanese companies**.
11. In societies that score highly for **uncertainty avoidance**, people attempt to make life as predictable and controllable as possible.
12. MNCs from **Triad countries** account for 60% of Fortune Global 500.
13. Representative examples of **emergency SOEs** include GM (US) and Royal Bank of Scotland (UK) who ran into financial problems & were bailed out by the government that injects capital in the form of shareholding.
14. Collaborative strategic alliances include mainly (1) **cross-shareholding**, (2) minority equity stakes, and (3) joint ventures.
15. **Administrative and political distance** means differences in laws, regulations against FDI inflows, labor relations etc.
16. **FDI** has hit all-time record highs with not only investment flowing from the developed world into the emerging world but also in reverse.
17. **Trans-Pacific Partnership (TPP)** is a proposed regional free-trade agreement and serves as one possible pathway toward realizing the vision of a free trade area of the Asia-Pacific.
18. **Control** is the amount of influence the various partners have in the operational, managerial, & strategic direction of the joint ventures.
19. **Foreign management contracts** are used primarily when the foreign company can manage better than the owners. One of the major examples is the British Airport Authority (BAA) that has contracts to manage airports in Indianapolis (US), Naples (ITA), & Melbourne (AUS).
20. Many MNCs’ main goal in FDI in developing countries are not seeking a source of **cheap manufacturing** but attempting to reach the rapidly sophisticating consumer markets of those countries.

**Instructions: Read the following questions carefully and choose the letter that best describes the answer.**

1. Which of the following statements is **NOT TRUE**?
2. The Uppsala theory suggests that organizations set up operations on a quickly (gradually) increasing basis starting off with exports, agents, a sales subsidiary, and ultimately a production facility.
3. The most famous-accepted approach for global expansion is the staged approach, also known as the Uppsala theory, as it originated from the University of Uppsala in Sweden.
4. Johanson and Vahlne found that when organizations initially ventured across borders, they gravitated toward those with similar cultural characteristics especially languages, a connection they call “cultural distance”.
5. Globalizers only expands as far as their knowledge and understanding of foreign markets will allow them, reducing their “liability of foreignness”.
6. Which of the following statements is **TRUE**?
7. Joint ventures (greenfield) offer the opportunity for transferal of a unique firm competency into a new market.
8. Both greenfield investment and acquisitions allow for the organization to retain full legal, operational, and financial control over the venture.
9. Buying either partially or fully into an existing operation certainly is the most time-consuming and gradual (fastest) option of entry mode.
10. Those organizations with fewer financial resources tend to partner rather than own outright an overseas operation, as the pooling of resources is the most (least) expensive and least (most) efficient option for entering a new market all the while sharing financial risk.
11. Which of the following statements is **TRUE**?
12. Domestic SOEs (privatized SOEs) are those organizations that were once nationally held, and when privatized the government retained a stake ranging from a minority shareholding to a majority stake.
13. SOEs are (not) a homogenous group.
14. Privatized SOEs (domestic SOEs) are much more prevalent in the emerging world than in Europe. There are at least 150,000 businesses in China where the largest shareholder is either the Chinese government or a local municipality.
15. The expansion vehicle SOEs are created by the government with the objective of pursuing that country’s economic gains both within its home territory and abroad.
16. “Non-equity modes of market entry” do **NOT** include:
17. Licensing agreement
18. Outsourcing
19. Distributorship
20. Merger (Equity modes of market entry)
21. Political risks do **NOT** include:
22. Regulatory risks
23. Nationalism
24. Government instability
25. Cost fluctuations (Economic risks)