# Quiz (ANSWERS)

**Please fill in using the words presented below.**

1. Foreign firms wishing to tap into foreign markets possess & capitalize on **monopolistic power** to outperform indigenous firms (Hymer, 1960).
2. **CEO duality** may reinforce popular doubts about the legitimacy of the system as a whole & evokes images of bosses writing their own performance reviews & setting their salaries.
3. **Johanson & Vahlne** claim that when organizations initially ventured across borders, they gravitated toward those with similar cultural characteristics especially languages - “*cultural distance*” (1977).
4. MNC subsidiaries are competing for **HQs’ attention** to acquire resources, to augment their market mandate, to increase their bargaining power, or try to avoid intervention.
5. Partnering with emerging multinational firms helps Western firms to lower **up-front & working capital costs**.
6. In recent years the granting of **stock options** has enabled top executives of publicly held corporations to earn enormous levels of compensation.
7. **Information overload** caused by a very high internationalizationpace negatively affects a firm’s capacity to further absorb expansion.
8. **Trust** means confidence that a partner will not exploit the vulnerabilities of the other.
9. The **tacit knowledge** of board members acquired during their tenure in a firm plays a major role in making efficient decisions.
10. Born globals try to gain a global scope at an early stage of development in order to gain **a first-mover advantage** (McDougall & Oviatt, 2000).
11. **Social desirability** indicates the tendency of some people to respond to items more as a result of their social acceptability.
12. When firms possess **innovation-based assets**, they are unlikely to risk local partnering where they do not have full ownership.
13. According to the social identity theory, **heterogeneity** in a group often results in conflicts between individuals along with problems of communication.
14. **Greenfield investments** enable multinational firms to gain the opportunity for transfer of a unique competency into a new market.
15. Information asymmeties is a source of **market failure**.
16. In emerhing economies in particular, **SOEs** are a powerful lobby influencing the local institutional framework and still important players & newcomers may find a partnership an important means to attain legitimacy.
17. In sharp contrast to multidomestic strategy, **global strategy** is characterized by too much dependence on HQs, knowledge exploitation > knowledge creation, & a limited sense of urgency to invent.
18. **Subsidiary knowledge creation** acts as a ccentral part of the subsidiary-specific advantages which help the subsidiary to perform effectively in the local market.
19. **Expatriates** play a key role in (1) transfering knowledge from the HQs, (2) controlling the local operation, (3) learning effective best practices in different cultural & market environments & (4) coordinating to promote information sharing in horizontal & vertical relationships within the MNC network.
20. **A business system** means a complex adaptive system in which the business component of a society is analyzed against the context of that society.