

## TEST BANK, Chapter 2

1. Which theory of international trade is applicable to (or explains) the trading of all goods at all times?
  - (a) classical theory of international trade.
  - (b) the factor proportion theory of international trade.
  - (c) the product life cycle of international trade.
  - (d) all of the above.
  - (e) none of the above.

**For Questions 2, 3, and 4 below: Both Germany and Denmark make machinery and furniture. For each of the following three cases in Column A, indicate which item from Column B is the type of advantage involved.**

COLUMN A

COLUMN B

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|--|---|
| <ol style="list-style-type: none"> <li>2. In Germany, machinery costs \$10 per unit and furniture costs \$5 per unit; in Denmark, machinery costs \$12 per unit and furniture costs \$6 per unit.</li> </ol> | <ol style="list-style-type: none"> <li>(a) Comparative advantage</li> <li>(b) No advantage</li> <li>(c) Absolute advantage</li> </ol> |
| <ol style="list-style-type: none"> <li>3. In Germany, machinery costs \$10 per unit and furniture costs \$5 per unit; in Denmark, machinery costs \$5 per unit and furniture costs \$8 per unit.</li> </ol>  | <ol style="list-style-type: none"> <li>(a) Comparative advantage</li> <li>(b) No advantage</li> <li>(c) Absolute advantage</li> </ol> |
| <ol style="list-style-type: none"> <li>4. In Germany, machinery costs \$10 per unit and furniture costs \$5 per unit; in Denmark machinery costs \$12/unit &amp; furniture \$7/unit.</li> </ol>              | <ol style="list-style-type: none"> <li>(a) Comparative advantage</li> <li>(b) No advantage</li> <li>(c) Absolute advantage</li> </ol> |
5. Motivation for engaging in exporting may come from which of the following combinations of factors?
    - (a) internal and proactive only.
    - (b) internal and reactive only.
    - (c) internal or external and proactive or reactive.
    - (d) external and proactive only.
    - (e) external and reactive only.

6. Although international trade grew rapidly in total amount during the last half of the 20th century, its relative importance decreased in most economies.
  - (a) True
  - (b) False
7. While imports provide consumers with an increase in the supply and variety of goods, they do not provide any benefits to domestic industry.
  - (a) True
  - (b) False
8. The product life cycle theory says that a nation will export that product for which a large amount of the relatively abundant (cheap) input is used, and it will import that product in the production of which the relatively scarce (expensive) input is used.
  - (a) True
  - (b) False
9. Many, but not all, exporting companies probably face less total risk than non-exporting firms by virtue of having diversified geographical markets.
  - (a) True
  - (b) False
10. Strengthening of a company's international network can be achieved by:
  - (a) international extension.
  - (b) penetration.
  - (c) international integration.
  - (d) all of the above
  - (e) none of the above.
11. Relationship marketing is based upon several assumptions including the following:
  - (a) transaction costs will be higher, but lower prices will be paid for components purchased.
  - (b) continuous bidding from potential competing suppliers is highly desirable.
  - (c) presents dangers of loss of control and release of internal information.
  - (d) all of the above.
  - (e) none of the above.
12. Ethics is comprised of what most people in a society view as being moral, good, right.
  - (a) True
  - (b) False

13. Examples of differences in ethics between different societies include attitudes toward:
- (a) the paying of interest on loans.
  - (b) the place of women in the workforce.
  - (c) the paying of bribes or 'facilitating payments'.
  - (d) all of the above.
  - (e) none of the above.
14. The international marketer will always be safe following the laws and customs of the host country.
- (a) True
  - (b) False
15. A universally agreed upon basis for ethical decision-making is:
- (a) the principle of utilitarianism.
  - (b) the principle of rights.
  - (c) the principle of overall benefits to society as a whole.
  - (d) all of the above.
  - (e) none of the above.
16. In the stakeholder concept view of the corporation:
- (a) stakeholders include those who have an interest or some share in the undertaking.
  - (b) some stakeholders have legal rights.
  - (c) some stakeholders may claim more rights.
  - (d) all of the above.
  - (e) none of the above.
17. There is a strong and increasing tendency for many societies to demand that companies act with increasing concern for overall societal and environmental needs.
- (a) True
  - (b) False
18. Social responsibility and corporate profit are incompatible.
- (a) True
  - (b) False

Gerald Albaum and Edwin Duerr, *International Marketing and Export Management, 7e*, Instructor's Manual

19. Japan and the United States have almost identical views of what is proper with respect to:

- (a) legal practice.
- (b) business-government relations.
- (c) social responsibility.
- (d) all of the above.
- (e) none of the above.

20. In the BP case, the problems in the blowout and explosion aboard the Deepwater Horizon platform of the Macondo oil well in the Gulf of Mexico arose from:

- (a) poorly performed or inadequate inspections by company personnel.
- (b) inadequate inspections by US government officials.
- (c) company rewards based more on speed and costs, than on safety.
- (d) all of the above.
- (e) none of the above.

21. In the Toyota Motor Corporation case, the key problem or problems was/were:

- (a) inadequate training of workers in China and the US.
- (b) unrealistic expectations by the American public.
- (c) the culture and structure of Toyota's management in Japan.
- (d) all of the above.
- (e) none of the above.

## **ANSWERS TO TEST BANK QUESTIONS, Chapter 2**

1. (e) 2. (b) 3. (c) 4. (a) 5. (c) 6. (b) 7. (b) 8. (b)

9. (a) 10. (d) 11. (c) 12. (a) 13. (d) 14. (b) 15. (e) 16. (d)

17. (a) 18. (b) 19. (e) 20. (d) 21. (c)