

English

1. Which of the following is a primary driver of globalization?

- (A) Decreasing communication costs
- (B) Increasing tariffs
- (C) Restrictive immigration policies
- (D) Economic isolationism

Correct Option(s): A

English

2. The theory of comparative advantage was first proposed by

- (A) Adam Smith
- (B) David Ricardo
- (C) John Maynard Keynes
- (D) Milton Friedman

Correct Option(s): B

English

3. Which of the following is a non-tariff barrier to trade?

- (A) Quotas
- (B) Tariffs
- (C) Excise taxes
- (D) Subsidies

Correct Option(s): A

English

4. Foreign direct investment (FDI) involves

- (A) Licensing technology to a foreign firm
- (B) Exporting goods to a foreign market
- (C) Owning a controlling stake in a foreign business
- (D) Purchasing goods from a foreign market

Correct Option(s): C

English

5. The Bretton Woods Agreement established

- (A) The World Trade Organization (WTO)
- (B) The International Monetary Fund (IMF)
- (C) The European Union (EU)
- (D) The World Bank Group

Correct Option(s): B

English

6. Which of the following is a primary purpose of the World Trade Organization (WTO)?

- (A) Regulate trade among nations
- (B) Control foreign exchange markets
- (C) Regulate international labour standards
- (D) Facilitate indigenous licensing

Correct Option(s): A

English

7. The Heckscher-Ohlin theory is primarily concerned with

- (A) The balance of trade
- (B) Factor endowments in different countries
- (C) Tariff reductions
- (D) Exchange rate fluctuations

Correct Option(s): B

English

8. Which of the following is a key component of international business ethics?

- (A) Cultural relativism
- (B) Profit maximization
- (C) Corporate social responsibility
- (D) Deregulation

Correct Option(s): C

English

9. Which of the following countries is a member of the European Union but not the Eurozone?

- (A) Poland
- (B) Germany
- (C) Italy
- (D) France

Correct Option(s): A

English

10. Porter's Diamond model is used to analyze

- (A) Competitive advantage of nations
- (B) Trade flows between countries
- (C) International financial markets
- (D) Balance of payments

Correct Option(s): A

English

11. An economy that engages in international trade and investment is referred to as

- (A) Open economy
- (B) Closed economy
- (C) Command economy
- (D) Traditional economy

Correct Option(s): A

English

12. The balance of payments consists of

- (A) The current account and the financial account
- (B) Imports and exports
- (C) Tariffs and quotas
- (D) Inflation rates and interest rates

Correct Option(s): A

English

13. A decrease in the value of a country's currency relative to others is called

- (A) Appreciation
- (B) Depreciation
- (C) Inflation
- (D) Devaluation

Correct Option(s): B

English

14. A common strategy for a company that wants to penetrate international markets is not a

- (A) Foreign direct investment
- (B) Exporting
- (C) Joint venture
- (D) Subsidiary

Correct Option(s): D

English

15. The purchasing power parity (PPP) theory is related to

- (A) Exchange rates
- (B) Inflation rates
- (C) Interest rates
- (D) Trade balances

Correct Option(s): A

English

16. Which of the following international trade theories emphasizes the role of innovation and technological progress in trade?

- (A) Mercantilism
- (B) Product life cycle theory
- (C) Absolute advantage
- (D) Factor proportions theory

Correct Option(s): B

English

17. Which of the following is an advantage of foreign direct investment (FDI)?

- (A) Complete control over operations
- (B) Minimal risk of political instability
- (C) Low initial capital investment
- (D) Guaranteed profits

Correct Option(s): A

English

18. Which organization is primarily responsible for settling trade disputes between member countries?

- (A) World Bank
- (B) International Monetary Fund (IMF)
- (C) World Trade Organization (WTO)
- (D) United Nations (UN)

Correct Option(s): C

English

19. Which of the following strategies best represents a transnational strategy?

- (A) Emphasizing global efficiency and local responsiveness
- (B) Operating solely in the home country
- (C) Centralizing operations in a single market
- (D) Maintaining a uniform product offering across all markets

Correct Option(s): A

English

20. Which of the following countries is a part of the Trans-Pacific Partnership (TPP)?

- (A) United States
- (B) China
- (C) Australia
- (D) Brazil

Correct Option(s): C

English

21. The concept of “economies of scale” in international business refers to

- (A) Increasing average costs with higher production
- (B) Decreasing average costs with higher production
- (C) Having smaller plants in multiple countries
- (D) Outsourcing to reduce costs

Correct Option(s): B

English

22. Which of the following institutions offers insurance against political risk for international businesses?

- (A) World Bank
- (B) International Monetary Fund (IMF)
- (C) Multilateral Investment Guarantee Agency (MIGA)
- (D) United Nations Conference on Trade and Development (UNCTAD)

Correct Option(s): C

English

23. In international business, the term “first-mover advantage” refers to

- (A) Being the first company to enter a new market
- (B) Delaying entry until a market is established
- (C) Moving quickly out of a declining market
- (D) Acquiring a local competitor

Correct Option(s): A

English

24. Which of the following is NOT a method of mitigating currency risk in international trade?

- (A) Forward contracts
- (B) Hedging
- (C) Licensing
- (D) Currency options

Correct Option(s): C

English

25. The practice of selling a product in a foreign market at a price lower than in the home market is called

- (A) Dumping
- (B) Subsidizing
- (C) Licensing
- (D) Franchising

Correct Option(s): A

English

26. Which of the following is a characteristic of the global standardization strategy?

- (A) Product customization for local markets
- (B) Decentralized decision-making
- (C) Focus on cost reduction
- (D) Emphasis on cultural adaptation

Correct Option(s): C

English

27. The primary function of the International Monetary Fund (IMF) is to

- (A) Promote international trade
- (B) Provide long-term development assistance
- (C) Ensure global monetary cooperation
- (D) Enforce environmental regulations

Correct Option(s): C

English

28. The Kyoto Protocol is related to which of the following?

- (A) international trade
- (B) Climate change and greenhouse gas emissions
- (C) Currency exchange rates
- (D) Intellectual property rights

Correct Option(s): B

English

29. Which of the following is an example of a global supply chain disruption?

- (A) Localized labour strikes
- (B) Tariff hikes between two countries
- (C) COVID-19 pandemic
- (D) Product recalls in a single country

Correct Option(s): C

English

30. Which entry mode into a foreign market involves the lowest level of risk?

- (A) Foreign direct investment
- (B) Licensing
- (C) Exporting
- (D) Franchising

Correct Option(s): C

English

31. What does the “CAGE framework” in international business stand for?

- (A) Comparative, Analytical, Global, Economic
- (B) Cultural, Administrative, Geographic, Economic
- (C) Competitive, Analytical, Geographical, Environmental
- (D) Cost, Access, Geographic, Exchange

Correct Option(s): B

English

32. The “balance of trade” refers to

- (A) The difference between imports and exports of goods
- (B) Total financial transactions between countries
- (C) Foreign investment inflows and outflows
- (D) Foreign exchange reserves

Correct Option(s): A

English

33. A “greenfield investment” refers to

- (A) Building new facilities in a foreign market from scratch
- (B) Acquiring an existing company in a foreign market
- (C) Establishing a partnership with a local firm
- (D) Licensing a foreign company to sell products

Correct Option(s): A

English

34. Which of the following refers to the practice of adapting a company’s operations and strategies to different cultures?

- (A) Standardization
- (B) Localization
- (C) Global integration
- (D) Diversification

Correct Option(s): B

English

35. The “balance of payments” is composed of

- (A) Current account and capital account
- (B) Trade account and foreign investment account
- (C) Foreign exchange reserves and public debt
- (D) Budget surplus and budget deficit

Correct Option(s): A

English

36. Which of the following is a potential disadvantage of franchising in international markets?

- (A) High upfront costs
- (B) Loss of control over operations
- (C) Complete ownership of foreign facilities
- (D) Limited financial risk

Correct Option(s): B

English

37. Which of the following would be considered a “pull factor” for companies to internationalize?

- (A) Economic instability in the home market
- (B) Opportunities for growth in foreign markets
- (C) Increasing competition in the home market
- (D) Government regulations in the home market

Correct Option(s): B

English

38. Which of the following is an example of horizontal FDI?

- (A) A car manufacturer in Japan setting up a production facility in the US
- (B) A bank acquiring an insurance company in another country
- (C) A computer manufacturer outsourcing parts from a foreign supplier
- (D) A retail chain franchising its operations to a foreign partner

Correct Option(s): A

English

39. Which of the following is a primary goal of international business?

- (A) To increase tariffs
- (B) To promote cross-border trade
- (C) To limit foreign investments
- (D) To discourage globalization

Correct Option(s): B

English

40. Which of the following agreements is aimed at reducing global trade barriers?

- (A) NAFTA
- (B) GATT
- (C) ASEAN
- (D) BRICS

Correct Option(s): B

English

41. The balance of payments of a country is

- (A) A statement of cash flow
- (B) A summary of all economic transactions between the residents of a country and the rest of the world
- (C) A tax regulation document
- (D) A trade union agreement

Correct Option(s): B

English

42. Globalization leads to

- (A) Increased competition
- (B) Decreased market access
- (C) Reduced investment opportunities
- (D) National isolation

Correct Option(s): A

English

43. What is an exchange rate?

- (A) The price of one currency in terms of another currency
- (B) The interest rate on international loans
- (C) The rate at which trade transactions are completed
- (D) The price of commodities in global markets

Correct Option(s): A

English

44. A multinational enterprise (MNE) refers to:

- (A) A company that operates in more than one country
- (B) A local business group
- (C) An international charity organization
- (D) A government trade department

Correct Option(s): A

English

45. Which of these is a challenge of international business?

- (A) High labour costs
- (B) Cultural differences
- (C) Lack of domestic competition
- (D) Increased regulations

Correct Option(s): B

English

46. Which theory suggests that countries should specialize in the production of goods where they have a comparative advantage?

- (A) Absolute advantage
- (B) Comparative advantage
- (C) Heckscher-Ohlin theory
- (D) Porter's diamond

Correct Option(s): B

English

47. What is 'hedging' in international finance?

- (A) Betting on currency fluctuations
- (B) Taking measures to offset currency risks
- (C) Speculating on stock prices
- (D) Predicting future trade trends

Correct Option(s): B

English

48. Which of the following best describes 'foreign exchange risk'?

- (A) The risk of being overcharged for imports
- (B) The uncertainty associated with currency fluctuations
- (C) The risk of not meeting trade regulations
- (D) The risk of tariffs being imposed

Correct Option(s): B

English

49. Which of the following is a cultural dimension identified by Hofstede?

- (A) Economic disparity
- (B) Power distance
- (C) Trade volume
- (D) Exchange rates

Correct Option(s): B

English

50. What is 'transfer pricing' in multinational corporations?

- (A) Setting the price for products sold between subsidiaries of the same company
- (B) The cost of transferring goods between countries
- (C) The price of hedging foreign exchange risk
- (D) The cost of importing services

Correct Option(s): A