

## FINAL EXAM

Names \_\_\_\_\_ Last Names \_\_\_\_\_

Lea detenidamente y escoja una de las alternativas. Solo hay una respuesta por cada pregunta o problema.

- 1) The \_\_\_\_\_ is the rate at which one currency is converted into another  
a. exchange rate b. cross rate c. conversion rate d. foreign exchange market
- 2) Which of the following does not impact future exchange rate movements?  
a. a country's price inflation b. a country's interest rate c. a country's arbitrage opportunities d. market psychology
- 3) When a government allows both residents and non-residents to purchase unlimited amounts of foreign currency with the domestic currency, the local currency is said to be  
a. non convertible b. freely convertible c. externally convertible d. internally convertible
- 4) The extent to which a firm's future international earning power is affected by changes in the exchange rates is called  
a. Accounting Exposure b. Translation Exposure c. Transaction exposure d. Economic Exposure
- 5) Firms that want to minimize transaction and translation exposure can do all of the following except  
a. buy forward b. have central control of exposure c. use swaps d. lead and lag payables and receivables
- 6) Which of the following is not true of global capital markets?  
a) benefit borrowers b) they benefit sellers c) they raise the cost of capital d) they provide a wider range of investment opportunities
- 7) Historically, the most tightly regulated industry has been  
a) agriculture b) consumer electronics c) automotives d) financial services
- 8) The term eurocurrency refers to  
a) the currency used by the European Union countries b) any currency banked outside its country of origin  
c) currencies purchased in the international equities market  
d) bonds sold outside the borrower's country that are denominated in the currency of the country in which they are issued
- 9) In discussing Strategy, which of the following is not an example of a primary activity?  
a) Logistics b) Marketing and sales c) Customer service d) Production
- 10) What is created when different stages of a value chain are dispersed to locations where value added is maximized or where the costs of value creation are minimized?  
a) Experience effects b) Learning effects c) Economies of scale d) A global web
- 11) Which of the following is not a pressure for local responsiveness?  
a) Excess capacity b) Host government demands c) Differences in consumer tastes and preferences  
d) Differences in distribution channels
- 12) Which strategy tries to simultaneously achieve low costs through location economies, economies of scale, and learning effects, and differentiate the product offering across geographic markets to account for local differences?  
a) Internationalization b) Localization c) Global standardization d) Transnational
- 13) Which strategy makes sense when pressures are high for local responsiveness, but low for cost reductions?  
a) Global standardization strategy b) International strategy c) Transnational strategy d) Localization strategy
- 14) \_\_\_\_\_ refers to the time and effort spent learning the rules of a new market.  
a) First mover advantages b) Strategic commitments c) Pioneering costs d) Market entry costs
- 15) How do most firms begin their international expansion?  
a) with a joint venture b) with a wholly owned subsidiary c) with licensing or franchising d) with exporting
- 16) What is the main disadvantage of wholly owned subsidiaries?  
a) they make it difficult to realize location and experience curve economies  
b) the firm bears the full cost and risk of setting up overseas operations  
c) they may inhibit the firm's ability to take profits out of one country to support competitive attacks in another  
d) high transportation costs and tariffs can make it uneconomical
- 17) If a firm wants the option of global strategic coordination, the firm should choose  
a) franchising b) joint ventures c) licensing d) a wholly owned subsidiary

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- 18) All of the following are advantages of acquisitions except  
a) they are quicker to execute    b) it is easy to realize synergies by integrating the operations of the acquired entities  
c) they enable firms to preempt their competitors    d) they may be less risky
- 19) Which of the following is not important to a successful strategic alliance?  
a) establishing a 50:50 relationship with the partner    b) creating strong interpersonal relationships  
c) a shared vision    d) learning from the partner
- 20) Which of the following is not an advantage of centralized decision-making?  
a) It facilitates coordination    b) It motivates employees  
c) It gives top-level managers the means to bring about organizational change    d) It avoids duplication of activities
- 21) Most firms begin their international expansion with a(n) \_\_\_\_\_ structure.  
a) Matrix    b) Worldwide product division    c) Worldwide area division    d) International division
- 22) Which type of organization structure has a dual decision-making system?  
a) Matrix    b) Worldwide product division    c) Worldwide area division    d) International division
- 23) Which type of organizational structure is often associated with a transnational strategy?  
a) worldwide area division    b) worldwide product division    c) matrix    d) international division
- 24) The norms and value systems that are shared among the employees of an organization are called  
a) processes    b) organizational culture    c) control systems    d) incentives

**Bonus Question**

- 1) Draw a chart showing the elements of Organizational Architecture
- 2) International Structural Stages Model: Draw a chart using “Foreign Sales as % of Total Sales” in the horizontal axis, and “Foreign Product Diversity” in the vertical axis. Then plot the usual designs for Horizontal Differentiation that firms adopt when they expand internationally.