



# Midterm Exam (A1)

## Term II

NAMES: (Chin) \_\_\_\_\_ (Eng) \_\_\_\_\_ (Pinyin) \_\_\_\_\_ ID: \_\_\_\_\_ Class: \_\_\_\_\_

Course Code 15575307  
Course Name International Business  
Instructor Collin Starkweather

Major 10 国经贸 / 11 金融学

SECTION	MARKS
TRUE / FALSE	/ 30
MULTIPLE CHOICE	/ 45
SHORT ANSWER	/ 25
<b>TOTAL</b>	<b>/ 100</b>

**Closed Book. No Calculators or Dictionaries Allowed.**

Time : 1.5 hours

Program : Degree

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Please answer all of the questions. Enter the answers to the true / false and multiple choice questions in the Answer Key at the end of the test. If you do not record an answer in the Answer Key, you will not receive credit for the answer. In the short answer section of the exam, please write neatly. If the grader cannot read your handwriting, you will not receive credit for your answer. This exam has 35 questions for a total of 100 points.

## **1 True or False (2 point each × 15 questions = 30 points total)**

1. (2 points) In chapter 3 of Charles W. L. Hill's International Business textbook, he discussed Wal-Mart's expansion into Mexico, Europe, South Korea and China. Although Wal-Mart had some initial problems, they managed to change Mexicans' shopping habits and were ultimately successful in Mexico.
  - (a) True
  - (b) False
2. (2 points) In many sports in the United States, it is traditional after a game for the players to shake each others' hands as a display of good sportsmanship. This is an example of cultural mores in the United States.
  - (a) True
  - (b) False

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3. (2 points) If someone is risk averse, they are able to tolerate a high degree of uncertainty.
    - (a) True
    - (b) False
  4. (2 points) The Asian currency crisis began when the government of Thailand allowed the Thai baht to float freely against the U.S. dollar in 1997, resulting in a devaluation of the baht.
    - (a) True
    - (b) False
  5. (2 points) Social mobility refers to the degree to which the hierarchical order of social strata change over time.
    - (a) True
    - (b) False
  6. (2 points) Geert Hofstede referred to the cultural dimension opposite individualism as “collectivism” whereas Fons Trompenaars referred to the value orientation opposite individualism as “communitarianism.”
    - (a) True
    - (b) False
  7. (2 points) Euros are typically quoted in American, rather than European, terms.
    - (a) True
    - (b) False
  8. (2 points) A code of ethics defines the set of laws which govern the ethical behaviour of individuals who are subject to a country’s jurisdiction.
    - (a) True
    - (b) False

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9. (2 points) Enron CEO Kenneth Lay contributed to unethical behaviour at Enron by imposing unrealistic performance expectations on employees by weeding out 15 percent of underperformers every six months.
- (a) True
  - (b) False
10. (2 points) The Sarbanes-Oxley (SOX) Act, which was passed into law in 2002, was intended to address problems with corporate social responsibility in the United States.
- (a) True
  - (b) False
11. (2 points) Moral courage refers to the courage required by an employee to walk away from a decision that may be profitable but which is unethical.
- (a) True
  - (b) False
12. (2 points) In the latest Corruption Perceptions Index (CPI),<sup>1</sup> an index across 176 countries and territories intended to measure the degree to which the business environment in various countries or territories is perceived to be corrupt, the United States is ranked lower than Singapore (indicating that its business environment is perceived to be more corrupt) but higher than Hong Kong.
- (a) True
  - (b) False

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<sup>1</sup>The latest CPI was published based on 2012 data.

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13. (2 points) The International Fisher Effect predicts that if the nominal interest rate in the United States is about 5% per annum and the nominal interest rate in Japan is about 2% per annum, then all else constant, in the course of a year, the spot exchange rate of Japanese yen in European terms would be expected to decrease by about 3%.
- (a) True
  - (b) False
14. (2 points) Since the Jamaica Agreement was signed in 1976, exchange rates have become more volatile and less predictable than they were following Bretton Woods.
- (a) True
  - (b) False
15. (2 points) One advantage of a fixed exchange rate regime relative to a floating exchange rate regime is that it contains a powerful mechanism for achieving a balance-of-trade by participating countries.
- (a) True
  - (b) False

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## 2 Multiple Choice (3 points each × 15 questions = 45 points total)

1. (3 points) Which of the following best describes ascription?
  - (a) A value orientation reflecting a culture in which status is attributed based on who or what a person is
  - (b) A value orientation in which public and private space are similar in size and people guard their public space carefully
  - (c) A value orientation in which individuals have a large public space they readily share with others and a small private space they guard closely and share only with close friends and associates
  - (d) A value orientation reflecting a culture in which people are afforded status based on how they perform their function
  
2. (3 points) Abstract ideas about what a group believes to be good, right, and desirable are called ...
  - (a) Values
  - (b) Norms
  - (c) Folkways
  - (d) Mores
  
3. (3 points) Studies have found that common personal values that were the best predictors of success among managers tested in a variety of countries included all of the following *except* ...
  - (a) Pragmatic
  - (b) Dynamic
  - (c) Achievement-oriented
  - (d) Adaptive

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4. (3 points) The basic social organization of a society is its . . .
- (a) Culture
  - (b) Social strata
  - (c) Social structure
  - (d) Caste system
5. (3 points) Which country is most commonly associated with the caste system?
- (a) Great Britain
  - (b) Japan
  - (c) China
  - (d) India
6. (3 points) Based on the principles espoused in the Global Sullivan Principles and the United Nations Global Compact, which of the following is *not* an area in which leaders in the international business community are most concerned with issues of corporate social responsibility?
- (a) Human rights
  - (b) Trade regulations
  - (c) Environmental regulations
  - (d) Corruption
7. (3 points) What is another term for “facilitating payments?”
- (a) Hot money
  - (b) Graft
  - (c) Speed payments
  - (d) Bribes

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8. (3 points) According to Charles W. L. Hill, the author of our textbook, all of the following contribute to unethical behaviour by international managers *except* ...
- (a) Decision-making processes
  - (b) Leadership
  - (c) Personal ethics
  - (d) National culture
9. (3 points) As detailed in a case study in our textbook, Unocal was criticized by human rights groups for its involvement in human rights abuses which occurred in which country?
- (a) North Korea
  - (b) Nigeria
  - (c) Brazil
  - (d) Myanmar
10. (3 points) Which of the following would be considered to be least characteristic of a public good?
- (a) Air
  - (b) Computers
  - (c) Knowledge
  - (d) National defence
11. (3 points) In what year was the gold standard finally fully abandoned as the world's exchange rate regime?
- (a) 1880
  - (b) 1917
  - (c) 1939
  - (d) 1976



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12. (3 points) Translation exposure reflects ...
- (a) The impact of currency exchange rate changes on the reported financial statements of a company
  - (b) The extent to which a firm's future international earning power is affected by changes in exchange rates
  - (c) The extent to which a firm's profitability is affected by the sovereign acts of foreign governments
  - (d) The extent to which fluctuations in foreign exchange values affect the income from individual transactions
13. (3 points) According to research conducted by Charles W. L. Hill, the author of our textbook, the exchange rate regime practised by the greatest number of countries among IMF members is ...
- (a) Free float
  - (b) Managed float
  - (c) No separate tender
  - (d) Adjustable peg
14. (3 points) The predecessor institution to the World Bank, established in 1944 with the Bretton Woods Agreement, is known as the ...
- (a) International Bank for Reconstruction and Development
  - (b) International Development Association
  - (c) International Finance Corporation
  - (d) Multilateral Investment Guarantee Agency

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15. (3 points) Geert Hofstede's survey of business culture resulted in the most widely cited study of the dimensions of management culture. However, his methodology has been criticized. What is the most prominent criticism of his study as discussed in class?
- (a) He surveyed only 10,000 business people, as opposed to Trompenaars, who surveyed over 15,000
  - (b) He did not include several major cultures, such as China and its territories, in his research
  - (c) His study consisted exclusively of professional employees from a single MNC
  - (d) He placed a disproportionate weight on survey responses from respondents in developed countries





Name: \_\_\_\_\_

ID: \_\_\_\_\_

## Midterm Exam (A1) Answer Key

Question Number	True / False Answer (T or F)
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Question Number	Multiple Choice Answer (A, B, C, or D)
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