

University of Central Florida (UCF) GEB3375 Intro to International Business Practice Exam 3 (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2025 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.

SAMPLE

Questions

SAMPLE

1. Which of the following is NOT an advantage of exporting?
 - A. More opportunities to learn
 - B. Increased sales, market share, and profit margins
 - C. Diversifying the customer base
 - D. Minimizing the cost of foreign market entry
2. True or False: The licensee is responsible for providing a combination of intellectual property and supporting products.
 - A. True
 - B. False
 - C. Not applicable
 - D. Depends on the agreement
3. Which option best defines the role of a licensor in a licensing agreement?
 - A. They manage all production
 - B. They provide the intellectual property
 - C. They sell products
 - D. They market the product
4. What is a currency option hedge?
 - A. Buying or selling foreign currency at a specific time to safeguard against risk
 - B. A spot purchase of an asset against a future equal amount sale
 - C. Buying or selling a foreign currency contract forward to protect against movements
 - D. A method used for time arbitrage
5. True or False: The licensor compensates the licensee through a variety of means, including royalties and products.
 - A. True
 - B. False
 - C. Only royalties
 - D. Only products

6. What does sustainable development aim to achieve in international business?
- A. Maximize short-term profits
 - B. Balance present needs with future generations' needs
 - C. Focus solely on environmental regulations
 - D. Improve competitive advantage regardless of sustainability
7. Which licensing involves a contract providing technological or management knowledge?
- A. copyright licensing
 - B. know-how licensing
 - C. royalty licensing
 - D. trademark licensing
8. What specifies the nature of the relationship between the owner of intellectual property and the user?
- A. licensing contract
 - B. licensing arrangement
 - C. licensing agreement
 - D. licensing deal
9. True or False: Most expatriates acclimate to their new culture immediately after experiencing culture shock.
- A. True
 - B. False
 - C. Depends on the individual
 - D. Not applicable
10. Which of the following is a valid reason for pursuing global sourcing?
- A. Avoid high prices
 - B. Concentrating on core competencies
 - C. Exclusive products
 - D. All of the above

Answers

SAMPLE

1. D
2. B
3. B
4. A
5. B
6. B
7. B
8. C
9. B
10. B

SAMPLE

Explanations

SAMPLE

1. Which of the following is NOT an advantage of exporting?

- A. More opportunities to learn
- B. Increased sales, market share, and profit margins
- C. Diversifying the customer base
- D. Minimizing the cost of foreign market entry

The correct answer highlights that minimizing the cost of foreign market entry is not typically considered an advantage of exporting. In fact, exporting can involve significant costs, including shipping, tariffs, and compliance with international regulations, which can sometimes be more expensive than other modes of market entry, such as foreign direct investment or forming strategic partnerships. In contrast, exporting does provide several advantages, such as more opportunities to learn about foreign markets and consumer preferences, which can enhance a company's understanding and adaptability. Additionally, exporting can lead to increased sales, market share, and profit margins by opening up new markets for existing products. Lastly, it allows businesses to diversify their customer base, reducing dependence on domestic sales alone and spreading risk across different markets.

2. True or False: The licensee is responsible for providing a combination of intellectual property and supporting products.

- A. True
- B. False
- C. Not applicable
- D. Depends on the agreement

The statement that the licensee is responsible for providing a combination of intellectual property and supporting products is incorrect. In the context of licensing agreements, the role of the licensee is typically to use the intellectual property (IP) provided by the licensor, rather than to provide it. The licensor, as the owner of the intellectual property, is the one who grants rights to the licensee to use that IP under defined terms and conditions. The role of the licensee is usually more focused on utilizing the intellectual property to create products or services, and while they may be involved in certain aspects of product development, the responsibility for the core intellectual property itself lies with the licensor. This distinction is crucial in understanding the dynamics of licensing agreements in international business, where the licensor benefits from expanding their market presence while the licensee typically benefits from access to established IP, reducing development risks and costs.

3. Which option best defines the role of a licensor in a licensing agreement?

- A. They manage all production
- B. They provide the intellectual property
- C. They sell products
- D. They market the product

In a licensing agreement, the role of a licensor is best defined as the entity that provides the intellectual property. This intellectual property can include patents, trademarks, copyrights, or other proprietary rights that enable another party (the licensee) to produce or market products under the licensor's brand or using their innovations. The licensor usually retains ownership of the intellectual property while granting specific rights to the licensee in exchange for royalties or other compensation. Therefore, the essence of the licensor's role lies in the provision and protection of their intellectual property, allowing the licensee to utilize it while adhering to the terms set forth in the licensing agreement.

4. What is a currency option hedge?

- A. Buying or selling foreign currency at a specific time to safeguard against risk
- B. A spot purchase of an asset against a future equal amount sale
- C. Buying or selling a foreign currency contract forward to protect against movements
- D. A method used for time arbitrage

A currency option hedge involves the use of options contracts to mitigate the risk associated with fluctuations in foreign exchange rates. By buying a currency option, an investor secures the right, but not the obligation, to buy or sell a specific amount of a foreign currency at a predetermined exchange rate within a specified timeframe. This provides the flexibility to take advantage of favorable movements in the currency while also offering protection against adverse changes. In this case, the focus is on safeguarding against risk by allowing the investor to lock in an exchange rate, which is essential for businesses engaging in international trade or investments, where currency fluctuations can significantly impact financial outcomes. This feature of having the option, rather than the obligation, is what distinguishes this strategy from other hedging methods, such as forward contracts. The other options present different financial strategies that do not accurately define a currency option hedge. A spot purchase refers to the immediate exchange of currency, rather than a protected future option. The mention of a forward contract typically implies a commitment to a future transaction at a specified rate, lacking the flexibility inherent in options. Lastly, time arbitrage involves taking advantage of price discrepancies in different markets rather than directly managing currency risk through options.

5. True or False: The licensor compensates the licensee through a variety of means, including royalties and products.

A. True

B. False

C. Only royalties

D. Only products

The statement is true. In a licensing agreement, the licensor typically compensates the licensee through various means, primarily including royalties based on sales or usage of the licensed products or intellectual property. Additionally, in some cases, the licensor may also provide products, especially if the license relates to a specific manufacturing or distribution agreement. Choosing "B. False" would suggest that licensor compensation does not include royalties and products, overlooking the diverse methods licensors can use to compensate licensees. Therefore, the correct understanding of compensation in licensing arrangements relies heavily on the acknowledgment of these multiple approaches.

6. What does sustainable development aim to achieve in international business?

A. Maximize short-term profits

B. Balance present needs with future generations' needs

C. Focus solely on environmental regulations

D. Improve competitive advantage regardless of sustainability

Sustainable development in the context of international business seeks to balance the needs of the present without compromising the ability of future generations to meet their own needs. This principle emphasizes the importance of integrating economic, social, and environmental considerations into business practices. By focusing on this balance, businesses can create long-term strategies that not only drive profitability but also ensure that natural resources and ecosystems are preserved for future use, fostering a healthier planet. Focusing on short-term profits, complying solely with environmental regulations, or prioritizing competitive advantage without regard for sustainability do not align with the core objectives of sustainable development. These approaches may lead to immediate gains but can result in detrimental effects on the environment and society in the long run, contradicting the overarching goals of sustainable business practices. Thus, the aim of sustainable development goes beyond mere compliance or short-term gains, advocating for a more integrated approach that values both present and future wellbeing.

7. Which licensing involves a contract providing technological or management knowledge?

- A. copyright licensing
- B. know-how licensing
- C. royalty licensing
- D. trademark licensing

Know-how licensing involves a contractual agreement where one entity provides another with specific technological or management knowledge. This type of licensing allows the licensee to utilize specialized expertise or processes without having to invest in extensive research and development to create that knowledge independently. In this arrangement, the licensor typically shares technical information, operational procedures, or proprietary techniques, which can enhance the licensee's capabilities and efficiency. This is particularly important in industries where constant innovation and technical proficiency are critical for success. The other types of licensing mentioned have different focuses. Copyright licensing pertains to the rights associated with creative works, such as literature, music, and art. Royalty licensing generally refers to financial arrangements based on sales or usage rather than on the transfer of technical knowledge. Trademark licensing revolves around the use of brand names and logos, which is primarily about brand identity and reputation rather than technological or managerial know-how.

8. What specifies the nature of the relationship between the owner of intellectual property and the user?

- A. licensing contract
- B. licensing arrangement
- C. licensing agreement
- D. licensing deal

The correct choice focuses on the term "licensing agreement," which is a formalized arrangement that clearly outlines the rights and responsibilities of both the owner of the intellectual property and the user. This document typically specifies the scope of use, duration, territorial rights, and payment terms, providing a legal framework that governs how the intellectual property can be used by the licensee. While "licensing contract" and "licensing arrangement" may also convey similar ideas, they can lack the specificity that comes with the term "agreement," which is often used in legal parlance to denote a binding consent that details various terms and conditions. The term "licensing deal" generally refers to an informal or negotiated understanding, which may not cover all legal requirements or obligations. Using "licensing agreement" is therefore the most accurate choice, as it precisely captures the structured legal relationship that defines how intellectual property can be utilized, ensuring clarity and protection for both parties involved.

9. True or False: Most expatriates acclimate to their new culture immediately after experiencing culture shock.

A. True

B. False

C. Depends on the individual

D. Not applicable

The statement is false because most expatriates do not acclimate to their new culture immediately after experiencing culture shock. Culture shock is typically a significant emotional and psychological transition that individuals experience when they move to a foreign environment. It often involves feelings of disorientation and confusion due to the differences in cultural norms, values, and practices. Most expatriates need time to adjust and adapt to their new surroundings, which involves a gradual process of understanding and integrating into the local culture, social networks, and everyday practices. This adaptation period can vary greatly between individuals, influenced by factors such as the individual's personality, previous experiences, support systems, and the cultural distance between their home and host cultures. As such, it's essential to recognize that acclimatization is rarely immediate; rather, it is a process that unfolds over weeks or even months as expatriates learn to navigate their new environment.

10. Which of the following is a valid reason for pursuing global sourcing?

A. Avoid high prices

B. Concentrating on core competencies

C. Exclusive products

D. All of the above

Pursuing global sourcing allows companies to concentrate on their core competencies, which is a vital reason for this strategy. When a company focuses on what it does best—its core competencies—it can enhance efficiency and productivity. By sourcing materials or components from different parts of the world, firms can delegate non-core activities to specialized suppliers who can produce such items at lower costs or with better quality. This not only enables companies to optimize their operations but also fosters innovation and competitive advantage by allowing them to allocate more resources to their primary business activities. While avoiding high prices and securing exclusive products are also valid aspects of global sourcing strategies, they do not capture the broader strategic benefit provided by focusing on core competencies. Companies often engage in global sourcing not just to reduce costs but to leverage the strengths of other entities, improving their overall business model and market position.