

# Western Governors University (WGU) BUS2070 D080 Managing in a Global Business Environment Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

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- 1. What is the primary purpose of Horizontal Foreign Direct Investment (FDI)?**
  - A. To provide input to core operations**
  - B. To sell surplus in the market**
  - C. To open a new market or build in another country**
  - D. To enhance labor rights and environmental quality**
- 2. What does the 'administration' component of CAGE analysis refer to?**
  - A. Trade agreements between nations**
  - B. Similar administrative systems and regulations**
  - C. Geopolitical strategies**
  - D. Government size and influence**
- 3. Which of the following agreements focuses on worker protections in manufacturing?**
  - A. Mercosur**
  - B. ASEAN**
  - C. NAFTA**
  - D. WTO**
- 4. Which of the following describes the creation of new markets in a global context?**
  - A. Reinforcing existing consumer demands in foreign markets**
  - B. Creating new demand by reducing ticket prices**
  - C. Focusing solely on high-end consumer segments**
  - D. Limiting market entry to domestic consumer preferences**
- 5. What aspect is a primary focus when discussing FDI restrictions?**
  - A. Increasing outsourcing**
  - B. Maintaining economic independence**
  - C. Encouraging regulatory challenges**
  - D. Promoting access to foreign resources**

**6. Which cultural approach is less likely to trust the abilities of local training?**

- A. Geocentric**
- B. Polycentric**
- C. Ethnocentric**
- D. Communal**

**7. Which of the following factors could reduce trade volumes between countries?**

- A. Increased tariffs on imports**
- B. Exchange of cultural practices**
- C. Shared technological advancements**
- D. Membership in international trade agreements**

**8. Which of the following is NOT one of the 5 stages of integration?**

- A. Political Union**
- B. Single Market**
- C. Customs Union**
- D. Economic Union**

**9. What advantage does political globalization provide?**

- A. Reduction of international cooperation**
- B. Increased sovereignty of local governments**
- C. Formation of international organizations**
- D. Enhanced nation-state power**

**10. What requirement does the Children's Online Privacy Protection Act impose?**

- A. Only schools must obtain consent**
- B. Social media platforms can collect data freely**
- C. Parental consent is needed for data collection from children under 12**
- D. All online activities are regulated**

## **Answers**

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

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## **Explanations**

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## 1. What is the primary purpose of Horizontal Foreign Direct Investment (FDI)?

- A. To provide input to core operations
- B. To sell surplus in the market
- C. To open a new market or build in another country**
- D. To enhance labor rights and environmental quality

The primary purpose of Horizontal Foreign Direct Investment (FDI) is to open a new market or build operations in another country. This type of investment involves a company expanding its operations into a foreign market by establishing or acquiring facilities that allow it to produce the same or similar goods and services it offers in its home country. The goal is to reach new customers, diversify market opportunities, and increase market share in a different geographic area. By entering a new market, companies can capitalize on local demand, reduce transportation costs, customize their products for local preferences, and enhance their competitive edge. This strategic move helps businesses to mitigate risks associated with market fluctuation in their home country and can lead to better resource allocation globally. The focus on establishing a physical presence in another country distinguishes Horizontal FDI from other forms of investment, such as vertical FDI, which typically involves investing in different stages of the production process.

## 2. What does the 'administration' component of CAGE analysis refer to?

- A. Trade agreements between nations
- B. Similar administrative systems and regulations**
- C. Geopolitical strategies
- D. Government size and influence

The administration component of CAGE analysis refers specifically to the similarities or differences in administrative systems and regulations between countries. This part of CAGE focuses on how legal and political systems influence business operations and market integration. For example, if two countries have similar regulatory environments, businesses can expect a more streamlined process when entering or operating in those markets, which can minimize risks and costs related to compliance and operational hurdles. This aspect includes elements such as property rights, legal systems, and government policies that govern the business landscape. A consistent administrative framework can facilitate trade and investment by reducing uncertainty and building trust among investors and businesses. Understanding the administrative differences can help companies navigate international markets more effectively, allowing them to adapt their strategies according to the regulatory climates of the countries they are operating in.

**3. Which of the following agreements focuses on worker protections in manufacturing?**

- A. Mercosur**
- B. ASEAN**
- C. NAFTA**
- D. WTO**

The correct choice is NAFTA because it specifically included provisions aimed at protecting labor rights in the manufacturing sector, particularly in its side agreements. The North American Free Trade Agreement, which went into effect in 1994, established trade relationships between the United States, Canada, and Mexico, and recognized the need to address labor issues as part of fostering economic cooperation among the member countries. The labor side agreement, known as the North American Agreement on Labor Cooperation (NAALC), aimed to improve working conditions and safeguard the rights of workers involved in manufacturing and other sectors. This emphasized the importance of labor standards and protections to ensure fair treatment while also promoting trade. Other agreements mentioned do not specifically center on worker protections in manufacturing. For example, Mercosur primarily deals with economic integration in South America without a direct focus on labor standards. ASEAN is more concerned with political and economic cooperation within Southeast Asia and has varying labor regulations that aren't as comprehensively articulated as those in NAFTA. The World Trade Organization (WTO) focuses on trade regulations and agreements between countries but does not specifically address labor protections at the same detailed level as NAFTA's labor side agreements.

**4. Which of the following describes the creation of new markets in a global context?**

- A. Reinforcing existing consumer demands in foreign markets**
- B. Creating new demand by reducing ticket prices**
- C. Focusing solely on high-end consumer segments**
- D. Limiting market entry to domestic consumer preferences**

Creating new markets in a global context often involves innovative strategies that generate demand beyond existing consumer patterns. The correct choice highlights the strategy of generating new demand by reducing ticket prices, which can make products or services more accessible to a broader audience. When prices are lowered, it allows new segments of consumers—who may have previously deemed the product too expensive—to enter the market, thus expanding the overall market size. This approach is particularly significant in global markets where price sensitivity can vary greatly among different regions and demographics. By reducing prices, companies can capture not only those who were already potential customers but also those who would not have otherwise engaged with the product due to cost constraints. This tactic can lead to increased market penetration and can stimulate competition, encouraging further innovation and growth. In contrast, reinforcing existing consumer demands in foreign markets might focus on sustaining current market trends rather than fostering new market growth. Solely focusing on high-end consumer segments would limit the potential customer base and neglect opportunities to tap into emerging middle-class consumers, particularly in developing economies. Limiting market entry to domestic consumer preferences fails to leverage the diverse needs and desires of international consumers, which is crucial for truly creating new markets.

## 5. What aspect is a primary focus when discussing FDI restrictions?

- A. Increasing outsourcing**
- B. Maintaining economic independence**
- C. Encouraging regulatory challenges**
- D. Promoting access to foreign resources**

Maintaining economic independence is a primary focus when discussing foreign direct investment (FDI) restrictions because countries often implement these restrictions to safeguard their domestic markets and protect their sovereignty. By limiting foreign ownership or control within certain sectors, nations seek to maintain greater control over their economic resources, industries, and overall national interests. This can be particularly important in strategic sectors like telecommunications, energy, and national security, where excessive foreign influence could compromise a country's autonomy and decision-making power. FDI restrictions are often a response to concerns about the potential negative impacts of foreign ownership, such as capital flight, job losses, or exploitation of local resources. By enforcing regulations that prioritize local businesses and industries, countries attempt to ensure that economic benefits remain within their borders and that they can retain a level of control over their economic trajectories.

## 6. Which cultural approach is less likely to trust the abilities of local training?

- A. Geocentric**
- B. Polycentric**
- C. Ethnocentric**
- D. Communal**

The ethnocentric approach is characterized by a belief in the superiority of one's own culture, usually the culture of the headquarters of the organization. In this approach, management tends to hold the view that the practices, processes, and training methods from their home country are superior and more effective than those that may be available locally in the host country. Therefore, individuals involved in organizations employing an ethnocentric approach may exhibit skepticism towards local training programs, as they may not fully trust their relevance, effectiveness, or the capabilities of local trainers. This can lead to a reliance on expatriates or home-country training methods rather than integrating fully with local practices. In contrast, the geocentric approach seeks to find the best methods and practices from around the globe, recognizing the worth of both home and local cultural contributions. The polycentric approach, on the other hand, tends to localize practices and management styles, thus displaying greater trust in local training methods. The communal approach is less relevant in this context, as it emphasizes shared values and collective effort rather than a specific stance on training capabilities.

**7. Which of the following factors could reduce trade volumes between countries?**

- A. Increased tariffs on imports**
- B. Exchange of cultural practices**
- C. Shared technological advancements**
- D. Membership in international trade agreements**

Increased tariffs on imports can significantly reduce trade volumes between countries by making foreign goods more expensive and less competitive in the domestic market. When a country imposes higher tariffs, it creates additional costs for importers, who may pass these costs onto consumers. Consequently, consumers may choose to buy domestically produced goods over more expensive imported ones, leading to a decrease in the overall volume of trade. This protective measure can be used to shield local industries but often results in strained trade relationships and can provoke retaliatory tariffs, further diminishing trade. In contrast, the other options pertain to factors that typically promote trade or foster collaboration. The exchange of cultural practices can enhance mutual understanding and stimulate demand for each other's goods, while shared technological advancements can lead to improved efficiencies and innovation, encouraging trade. Membership in international trade agreements often reduces tariffs and other barriers, facilitating higher trade volumes between countries. Thus, the introduction of increased tariffs is the factor that directly inhibits trade growth.

**8. Which of the following is NOT one of the 5 stages of integration?**

- A. Political Union**
- B. Single Market**
- C. Customs Union**
- D. Economic Union**

The concept of the five stages of integration typically includes Political Union, Single Market, Customs Union, Economic Union, and Free Trade Area. In this framework, each stage represents a different level of economic and political integration among countries. The Single Market facilitates the unrestricted movement of goods, services, capital, and labor, allowing for more seamless economic interactions between member states. However, it is not classified as one of the formal stages of integration in this specific framework. On the other hand, Political Union concentrates on unifying state governance and policies, Customs Union focuses on the reduction of tariffs and creation of a unified trade policy towards external countries, and Economic Union implies a deeper integration that includes harmonizing fiscal policies and possibly a common currency. These stages build upon one another, leading toward a more integrated economic and political structure. Therefore, identifying the Single Market as not being one of the five core stages of integration highlights an important aspect of how countries can collaborate economically without fully committing to the deeper integration levels that the other options represent.

## 9. What advantage does political globalization provide?

- A. Reduction of international cooperation**
- B. Increased sovereignty of local governments**
- C. Formation of international organizations**
- D. Enhanced nation-state power**

Political globalization offers the advantage of forming international organizations, which play a vital role in fostering collaboration between nations on various global issues. These organizations facilitate dialogue, set international norms, and create frameworks for cooperation that transcend national borders. By addressing challenges such as climate change, trade regulations, and human rights through a collective approach, international organizations enhance the capacity of countries to work together effectively, thus promoting peace, security, and development on a global scale. The formation of such organizations demonstrates how political globalization encourages interconnectedness and interdependence among nations, leading to more coordinated responses to global challenges, which would not be possible through isolated national efforts.

## 10. What requirement does the Children's Online Privacy Protection Act impose?

- A. Only schools must obtain consent**
- B. Social media platforms can collect data freely**
- C. Parental consent is needed for data collection from children under 12**
- D. All online activities are regulated**

The Children's Online Privacy Protection Act (COPPA) is specifically designed to protect the privacy of children under the age of 13 by imposing certain requirements on operators of websites and online services. One of the key provisions of COPPA is that these operators must obtain verifiable parental consent before collecting, using, or disclosing personal information from children. This means that for any data collection activities involving children under 13, the explicit consent of a parent or guardian is required, ensuring that parents have control over their children's online privacy. This requirement is significant as it helps to prevent the unauthorized collection of personal information from minors, safeguarding them from potential exploitation and misuse of their data. Understanding COPPA is crucial for businesses operating online that may engage with a younger audience, as non-compliance can result in serious penalties. The other choices do not accurately reflect the regulations set forth by COPPA; for example, they could imply more leniency in data collection practices or inaccurately suggest broader regulatory requirements that go beyond the focus of COPPA itself.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://wgu-bus2070-d080.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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