

THINK CRITICALLY

1. List several reasons businesses may want to make multinational business investments.

 2. What determines a country's foreign exchange rate?

 3. True or False? _____ A global business is not committed to a single home country.

 4. Over the past 20 years, U.S. business investments in other countries have grown to nearly _____
 - a. \$500 billion
 - b. \$1 trillion
 - c. \$2.5 trillion
 - d. \$5 trillion

 5. Which of the following is NOT a reason for companies to make international business investments?

 - a. to increase operating efficiency and reduce costs
 - b. to reduce political, legal, and regulatory hurdles they might otherwise face in other countries
 - c. to diversify their operations
 - d. all of the above are appropriate reasons

 6. True or False? _____ The value of a country's imports and exports has no effect on the exchange rate for its currency.

 7. The largest trading market in the world is
 - a. the New York Stock Exchange
 - b. NASDAQ
 - c. the Chicago Board of Trade
 - d. the foreign exchange market
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

8. Identify five concerns for businesses thinking about expanding internationally. For each concern, identify a way the business could mitigate (reduce) the risk.