WGU Global-Economics-for-Managers C211 Practice Questions

Shared by Hess on 02-11-2026

For More Free Questions and Preparation Resources

Check the Links on Last Page

Question 1

Question Type: MultipleChoice

Which entrant is able to erect significant barriers for other entrants?

Options:

A- Late mover
B- First mover
C- Contender
D- Dodger

P2P exams

Answer:

B

Explanation:

In Global Economics for Managers, a first mover is a firm that enters a market early and is often able to erect significant barriers to entry, making option B correct.

First movers can secure scarce resources, establish strong brand recognition, achieve economies of scale, and set technological or industry standards. These advantages make it difficult for later entrants to compete effectively.

Late movers benefit from reduced uncertainty but rarely control key assets. Contenders and dodgers are strategic responses to multinational enterprises, not timing-based entry categories.

Therefore, option B correctly identifies the entrant most capable of erecting significant entry barriers.

P2P exams

Question 2

Question Type: MultipleChoice

Which phrase best describes property rights?

Options:

A- The exclusive legal rights of authors and publishers to publish and disseminate their works.
B- The legal rights awarded by government authorities to inventors of new products or processes.
C- The legal rights regarding the use of an economic resource and for deriving income and benefits from it.
D- The exclusive legal rights of firms to use specific names, brands, and designs to differentiate their products from others.

Answer:

C

Explanation:

Property rights are the legal rights to use, control, transfer, and benefit from an economic resource. Option C is correct because it describes the broad economic meaning of property rights. Secure property rights allow individuals and firms to invest, trade, innovate, and plan for the long term because they can expect to capture the benefits from their resources. Weak property rights increase uncertainty, discourage investment, and raise the risk of theft, expropriation, or contract failure. Option A describes copyright, which protects original works of authorship. Option B describes patents, which protect inventions or processes. Option D describes trademarks, which protect names, brands, and designs used to distinguish products. These are forms of intellectual property, but C is the general definition.

==========

Question 3

Question Type: MultipleChoice

When is it best for a firm to decrease production?

Options:

A- When marginal cost is greater than marginal revenue.
B- When total revenue is greater than total cost.
C- When the average variable cost is less than the price of a unit after a short-term stop.
D- When the price of a unit covers the average variable cost after a short-term stop.

Answer:

A

Explanation:

A firm should decrease production when marginal cost is greater than marginal revenue. Option A is correct because each additional unit costs more to produce than it brings in revenue, which reduces profit. The standard profit-maximizing rule is to produce where marginal revenue equals marginal cost. If marginal cost exceeds marginal revenue, output is too high and the firm should reduce production. Option B does not justify decreasing production because total revenue greater than total cost indicates profit. Options C and D describe conditions under which restarting or continuing production may be reasonable because price covers average variable cost. The question is about marginal decision making, not total profitability or shutdown rules. For managers, the key rule is simple: do not produce units that reduce profit.

==========

P2P exams

Question 4

Question Type: MultipleChoice

What is one of the OLI advantages outlined by John Dunning for why firms become multinational enterprises by engaging in foreign direct investment?

Options:

A- Location advantages
B- Ownership advantages
C- Internalization advantages
D- Competitive neutrality

P2P exams

Answer:

C

Explanation:

In Global Economics for Managers, John Dunning's OLI framework explains why firms engage in foreign direct investment (FDI). One of its three components is internalization advantages, making option C correct.

Internalization advantages arise when a firm finds it more efficient to conduct business activities internally rather than through market transactions such as licensing or outsourcing. By internalizing operations, firms can reduce transaction costs, protect proprietary knowledge, maintain quality control, and avoid contractual disputes.

The OLI framework consists of:

Ownership advantages: firm-specific assets such as technology or brand reputation

Location advantages: benefits of operating in a particular country

Internalization advantages: gains from keeping activities within the firm

When all three advantages are present, firms are more likely to pursue FDI rather than exporting or licensing.

Option D is not part of the OLI framework. Thus, option C is correct.

Question 5

Question Type: MultipleChoice

When there is an expectation of lower income in the future, what is the effect on the demand curve for a normal good?

Options:

A- The demand curve shifts left.
B- The demand curve shifts right.
C- The demand curve shifts up.
D- The demand curve shifts down.

Answer:

A

Explanation:

In Global Economics for Managers, demand for a normal good increases with income and decreases when income falls. If consumers expect lower future income, demand for normal goods decreases, causing the demand curve to shift left, making option A correct.

A leftward shift indicates that at every price, consumers are willing and able to purchase less of the good. Expectations about future income influence present consumption decisions, especially for durable and discretionary goods.

Options C and D incorrectly describe movement along a demand curve rather than a shift. Option B would apply if income were expected to rise.

Therefore, option A is correct.

Question 6

Question Type: MultipleChoice

When confronting MNEs, the extender strategy centers on what?

Options:

A- Leveraging homegrown competencies abroad
B- Cooperating through joint ventures (JVs) with MNEs and sell-offs to MNEs
C- Leveraging local assets in areas in which MNEs are weak
D- Engaging in rapid learning and then expanding overseas

Answer:

A

Explanation:

In Global Economics for Managers, the extender strategy centers on leveraging homegrown competencies abroad, making option A the correct answer. This strategy is typically adopted by firms whose competitive assets are strong and transferable across borders and that operate in industries with significant pressure to globalize.

Homegrown competencies may include proprietary technology, strong brands, efficient production processes, or superior managerial know-how developed in the domestic market. Under an extender strategy, firms take these existing strengths and apply them to foreign markets, often through exporting, licensing, franchising, or foreign direct investment. The goal is to extend the firm's competitive advantage beyond national borders without fundamentally altering its core business model.

Option B describes a dodger or collaborator strategy, which emphasizes cooperation rather than independent expansion. Option C aligns more closely with a defender strategy, where firms rely on local advantages to resist foreign competition. Option D reflects elements of a contender strategy, where firms prioritize learning before expanding internationally.

The extender strategy is particularly effective when firms face global competitors but already possess assets that can be scaled internationally at relatively low cost. For managers, understanding this strategy is critical for deciding when and how to internationalize operations in response to MNE competition.

Thus, option A accurately reflects the central focus of the extender strategy as defined in Global Economics for Managers.

Question 7

Question Type: MultipleChoice

What is one example of something a copyright is used to protect?

Options:

A- The content of a book
B- The name of a brand
C- The design of a logo
D- The shape of a new invention

Answer:

A

Explanation:

In Global Economics for Managers, copyright is identified as a form of intellectual property protection that applies to original works of authorship, making option A---the content of a book---the correct answer. Copyright protects the expression of ideas rather than the ideas themselves.

Copyright protection typically covers literary works, music, films, software code, artistic creations, and other original content fixed in a tangible medium. It grants the creator exclusive rights to reproduce, distribute, display, and perform the work for a specified period. This protection encourages creativity and innovation by allowing creators to earn economic returns from their work.

Option B refers to trademarks, which protect brand names, symbols, and slogans used to distinguish goods or services. Option C, the design of a logo, is also generally protected under trademark law. Option D describes a patent, which protects new inventions, processes, or designs with functional utility.

Global Economics for Managers emphasizes that strong intellectual property protection is critical for firms competing in knowledge-intensive industries. Copyright protection, in particular, plays a key role in publishing, entertainment, and software sectors.

Therefore, option A correctly identifies an example of what copyright is used to protect.

Question 8

Question Type: MultipleChoice

In an oligopoly with an initial agreement to maximize total profit, which statements might a firm motivated by self-interest likely make? (Choose THREE.)

Options:

A- ''If my fellow firms live up to the agreement, I am better off raising production.''
B- ''If my fellow firms fail to live up to the agreement and raise production, I am better off raising production myself.''
C- ''Regardless of what my fellow firms do, I am better off raising production beyond the agreed-to level.''
D- ''I am better off reducing output below the agreed level.''
E- ''I should always cooperate, regardless of outcomes.''

Answer:

A, B, C

Explanation:

In Global Economics for Managers, oligopolies often face a prisoner's dilemma, making deviation from collusive agreements individually rational. Options A, B, and C correctly reflect this logic.

If others cooperate, cheating by increasing output raises individual profit. If others cheat, matching their behavior minimizes losses. Therefore, regardless of others' actions, raising output appears optimal.

Options D and E contradict self-interested incentives.

Thus, A, B, and C correctly capture oligopolistic behavior.

Question 9

Question Type: MultipleChoice

Managers and firms rationally pursue their interests and make choices within institutional constraints. Which situation illustrates this proposition of the institution-based view of global business?

Options:

A- A firm increases advertising to boost brand awareness.
B- A firm lowers prices to gain market share.
C- A multinational relocates production after a minimum wage increase.
D- A firm introduces a new product due to consumer trends.

Answer:

C

Explanation:

In Global Economics for Managers, a core proposition of the institution-based view is that firms make rational decisions within institutional constraints, making option C correct.

When a country raises its minimum wage, labor costs increase due to a formal institutional change. A multinational firm responding by relocating production to a lower-cost country demonstrates rational behavior shaped by institutional rules.

Options A, B, and D reflect competitive strategy but do not directly involve institutional constraints.

Therefore, option C correctly illustrates the institution-based view.

Question 10

Question Type: MultipleChoice

What is one benefit of small-scale entries into foreign markets?

Options:

A- They demonstrate a strategic commitment to certain markets.
B- They give complete equity and operational control.
C- They focus on learning by doing while limiting the downside risk.
D- They present easy opportunities to build market share.

Answer:

C

Explanation:

Small-scale entry allows a firm to enter a foreign market cautiously, gain experience, and learn about local demand, institutions, competitors, distribution channels, and regulatory conditions without committing excessive capital. Option C is correct because learning by doing while limiting downside risk is the central advantage of small-scale entry. This approach is useful when market uncertainty is high or when managers lack reliable local knowledge. Option A is more consistent with large-scale entry, which signals major strategic commitment. Option B is incorrect because small-scale entry does not necessarily provide full control, especially if the firm uses partnerships, exporting, or limited investment. Option D is too optimistic because small-scale entry may limit speed and market-share growth. Its main benefit is controlled learning.

==========

Question 11

Question Type: MultipleChoice

Managers and firms rationally pursue their interests and make choices within institutional constraints. This is one of the two core propositions underpinning an institution-based view of global business. Which situation illustrates this proposition?

Options:

A- Two failing banks are pursuing the option of being acquired by another institution. One bank is able to leverage political relationships to result in a successful acquisition. The other bank pursues no such political solution and eventually files for bankruptcy.
B- Several businesses relocate overseas because of a new domestic tax policy that will increase their tax liability by 15%.
C- When a company opens a new production facility, company leaders find out that the laws of that country may allow it to skip several important safety steps. In doing so, the cost of production goes down, but there is a risk to the surrounding environment. The leaders decide not to skip these safety steps out of a deep concern and commitment to environmental protection.
D- Government corruption is rampant in a particular country, leading to a high cost of doing business. However, some smaller companies have figured out how to legally evade the most fraudulent abuses, and for them the cost of doing business becomes much cheaper. For this reason, the companies stay and have a lucrative decade.

Answer:

B

Explanation:

Option B best illustrates managers and firms rationally pursuing their interests within institutional constraints. A new domestic tax policy changes the formal institutional environment by increasing firms' expected tax burden. The firms respond rationally by relocating overseas to reduce costs and protect profitability. This is exactly how the institution-based view explains business behavior: institutions create rules and constraints, and firms choose strategies that improve outcomes within those constraints. Option A emphasizes political connections, but it is less direct because it focuses on unequal access to influence rather than a broad institutional constraint. Option C illustrates informal ethical constraints overriding weak formal rules. Option D involves operating around corruption, but B is the clearest case of formal institutional change causing rational firm relocation.

==========

To Get Premium Files for Global-Economics-for-Managers Visit

https://www.p2pexams.com/products/global-economics-for-managers

For More Free Questions Visit

https://www.p2pexams.com/wgu/pdf/global-economics-for-managers

