

## Chapter 11 International Human Resources Management

---

### MULTIPLE CHOICE

1. Which type of organization is a domestic firm that uses its existing capabilities to move into overseas markets?

- a. multinational corporation
- b. transnational corporation
- c. global corporation
- d. international corporation

ANS: D PTS: 1 DIF: Key Terms  
REF: 390  
OBJ: 1 BLM: R

2. What is a transnational corporation?

- a. an existing firm that re-establishes its home base in a foreign country
- b. a firm that has integrated worldwide operations through a centralized home office
- c. a firm with independent business units operating in several countries
- d. a firm that attempts to balance local responsiveness and global scale

ANS: D PTS: 1 DIF: Key Terms  
REF: 391  
OBJ: 1 BLM: R

3. What do you call a corporation that has independent business units operating in several countries?

- a. multinational corporation
- b. global corporation
- c. international corporation
- d. transnational corporation

ANS: A PTS: 1 DIF: Key Terms  
REF: 390  
OBJ: 1 BLM: R

4. Which type of organization requires international human resources capabilities?

- a. a global corporation

- b. a franchise organization
- c. a crown corporation
- d. a multi-unit national organization

ANS: A PTS: 1 DIF: Application  
REF: 391  
OBJ: 1 BLM: R

5. Which factor is considered to be part of a country's cultural environment?

- a. property rights
- b. environmental restrictions
- c. economic factors
- d. educational systems

ANS: D PTS: 1 DIF: Understanding  
REF: 395 OBJ: 2 BLM: R

6. What is a country called if an international business operates within its boundaries?

- a. foreign entity
- b. offshore worksite
- c. host country
- d. third country

ANS: C PTS: 1 DIF: Key Terms  
REF: 395  
OBJ: 2 BLM: R

7. Which of the following lists the three sources of employees with whom to staff international operations?

- a. expatriates; third-country nationals; out of-country nationals
- b. expatriates; third-country nationals; out of-country nationals
- c. expatriates; home-country nationals; third-country nationals
- d. third-country nationals; home-country nationals; out of-country nationals

ANS: C PTS: 1 DIF: Key Terms  
REF: 398  
OBJ: 4 BLM: R

8. What are employees from the home country who are on an international assignment called?

- a. home-country nationals
- b. domestics-abroad
- c. host-country nationals
- d. third-country nationals

ANS: A PTS: 1 DIF: Key Terms  
REF: 398  
OBJ: 4 BLM: R

9. What term is used to describe employees who are native of a country other than the host or home country?

- a. third-country nationals
- b. expatriates
- c. home-country nationals
- d. host-country nationals

ANS: A PTS: 1 DIF: Key Terms  
REF: 398  
OBJ: 4 BLM: R

10. What is a foreign assignment of 6 to 12 months called?

- a. a brief assignment
- b. a short-term assignment
- c. a commuter assignment
- d. a temporary assignment

ANS: B PTS: 1 DIF: Understanding  
REF: 399 OBJ: 4 BLM: R

11. Mary is a Canadian working for a U.S.-based international company and she is currently on a three month assignment in Saudi Arabia working under her U.S.-based compensation package. What is she considered to be?

- a. third-country national on a commuter assignment
- b. home-country national on a short-term assignment
- c. third-country national on a short-term assignment
- d. expatriate on a foreign assignment

ANS: A PTS: 1 DIF: Understanding

REF: 398|399 OBJ: 4 BLM: R

12. What is one disadvantage of increased use of host-country nationals?

- a. most customers prefer to do business with local people
- b. hiring local citizens is less costly than relocating expatriates
- c. home-country nationals tend to be more productive
- d. local governments may require foreign employers to hire host-country nationals

ANS: C PTS: 1 DIF: Application

REF: 400

OBJ: 4 BLM: R

13. Why are international corporations making greater use of third-country nationals?

- a. they are able to adapt to the host country's culture
- b. they are better able to cope with the economy of the host country
- c. they are often multilingual
- d. they do not require any relocation expenses

ANS: C PTS: 1 DIF: Understanding

REF: 400 OBJ: 4 BLM: R

14. Which list contains the four core criteria that are viewed as essential in worldwide recruiting efforts?

- a. capability; flexibility; drive for results; personal integrity
- b. drive for results; respect for others; capability; flexibility
- c. personal integrity; drive for results; respect for others; nationality
- d. respect for others; personal integrity; drive for results; capability

ANS: D PTS: 1 DIF: Understanding

REF: 401 OBJ: 4 BLM: R

15. Which four factors did a recent study suggest should be the focus for organizations in attracting and retaining talent in new countries?

- a. costs; ability; brand; strategy
- b. purpose; opportunity; brand; culture
- c. opportunity; purpose; capability; culture

d. purpose; strategy; brand; opportunity

ANS: B PTS: 1 DIF: Understanding

REF: 402 OBJ: 4 BLM: R

16. In Canada, what do managers tend to emphasize in their selection practices?

- a. merit
- b. common origin
- c. social status
- d. family ties

ANS: A PTS: 1 DIF: Key Terms

REF: 403

OBJ: 4 BLM: R

17. In countries outside of Canada, which three factors do managers tend to use as a basis for hiring?

- a. merit; social status; family ties
- b. common origin; social status; family ties
- c. merit; language; family ties
- d. merit; common origin; family ties

ANS: B PTS: 1 DIF: Understanding

REF: 403 OBJ: 4 BLM: R

18. What is the first step involved in selecting individuals for international assignments?

- a. self-selection
- b. assess the cultural environment
- c. create a candidate pool
- d. assess core skills

ANS: A PTS: 1 DIF: Understanding

REF: 404 OBJ: 4 BLM: R

19. In selecting individuals for a foreign assignment, what step needs to be taken to assess an individual's ability to adapt to different environments?

- a. assess employee preparation

- b. assess augmented skills and attributes
- c. assess personality
- d. assess core skills

ANS: B PTS: 1 DIF: Understanding/Application  
 REF: 404 OBJ: 4 BLM: R

20. What are the skills called that are critical to an employee's success abroad?

- a. augmented skills
- b. technical skills
- c. critical skills
- d. core skills

ANS: D PTS: 1 DIF: Key Terms  
 REF: 404  
 OBJ: 4 BLM: R

21. What are the skills called that help facilitate the efforts of expatriate managers?

- a. core competencies
- b. augmented skills
- c. leadership qualities
- d. core skills

ANS: B PTS: 1 DIF: Understanding  
 REF: 404 OBJ: 4 BLM: R

22. What is the primary reason for an expatriate to fail his or her assignment?

- a. unrealistic expectations of the expatriate
- b. the expatriate's lack of trust in the new environment
- c. the expatriate not being open minded
- d. the expatriate's family could not adapt

ANS: D PTS: 1 DIF: Understanding  
 REF: 405 OBJ: 4 BLM: R

23. Which assumption represents the biggest mistake managers can make when managing employees in a foreign country?

- a. in some countries, people are more relaxed about time
- b. people in different countries have similar expectations
- c. people in different countries have different values
- d. contracts may be negotiated differently in different countries

ANS: B PTS: 1 DIF: Understanding

REF: 405 OBJ: 5 BLM: R

24. Home-country nationals must carefully prepare for their international assignments. What is the LEAST helpful item to learn about during these preparations?

- a. the history and values of the host country
- b. the history, values and dynamics of their own organization
- c. the culture of their home country
- d. the culture of the host country

ANS: C PTS: 1 DIF: Understanding

REF: 406 OBJ: 5 BLM: R

25. What can sensitivity training help expatriates with?

- a. overcoming ethnic prejudices they might harbour
- b. developing a better understanding of ethical considerations abroad
- c. dealing with the dynamics they will face abroad
- d. dealing with gender issues in the workplace

ANS: A PTS: 1 DIF: Understanding

REF: 406 OBJ: 5 BLM: R

26. What are two key types of training for employees working internationally?

- a. social training; cultural training
- b. social training; health & safety training
- c. language training; health & safety training
- d. language training; cultural training

ANS: D PTS: 1 DIF: Understanding

REF: 406|407 OBJ: 5 BLM: R

27. Managers tend to be more autocratic, or participative, depending on their country of origin. On a continuum from autocratic to participative, where do Japanese managers fit?

- a. at the most participatory end of the continuum
- b. in the middle of the continuum
- c. closer to the autocratic end of the continuum
- d. at the extreme autocratic end of the continuum

ANS: A PTS: 1 DIF: Understanding

REF: 408 OBJ: 5 BLM: R

28. Which statement reflects the loyalty of North American employees when compared to Japanese employees?

- a. North Americans may feel the same degree of loyalty as their Japanese counterparts
- b. North Americans may feel more loyalty towards their organizations
- c. North Americans may feel little loyalty to their organizations
- d. North Americans may feel no loyalty to their organizations

ANS: C PTS: 1 DIF: Understanding

REF: 408 OBJ: 5 BLM: R

29. How frequently are expatriates' international assignments affected by the spouses' careers?

- a. nearly half of all assignments are affected
- b. a very low percentage of assignments are affected
- c. a very high percentage of assignments are affected
- d. a spouse's career is not a relevant factor

ANS: A PTS: 1 DIF: Understanding

REF: 409 OBJ: 5 BLM: R

30. Coming back home is often difficult for expatriates. What proportion of expatriates leave their companies soon after returning home?

- a. two thirds of expatriates



- b. one third of expatriates
- c. one half of expatriates
- d. less than one quarter of expatriates

ANS: C PTS: 1 DIF: Understanding

REF: 409 OBJ: 5 BLM: R

31. The failure of companies to have effective repatriation plans has resulted in returning employees leaving the companies soon after returning home. What is a key reason for their departures from the organizations?

- a. co-workers don't know who they are
- b. they are given too much responsibility
- c. their responsibilities are significantly diminished
- d. they get promoted beyond their comfort level

ANS: C PTS: 1 DIF: Understanding

REF: 409 OBJ: 5 BLM: R

32. When companies are making repatriation plans for their international workers, what should they focus on?

- a. the replacement of the expatriate with home-country nationals
- b. reducing job responsibilities for the expatriate
- c. ensuring that there is appropriate employment in the home country
- d. finding a new international assignment for the expatriate

ANS: C PTS: 1 DIF: Understanding

REF: 409 OBJ: 5 BLM: R

33. Which method of pay is quite common on a global scale?

- a. piece-rate
- b. merit pay
- c. daily rate
- d. bi-weekly salary

ANS: A PTS: 1 DIF: Understanding

REF: 411 OBJ: 6 BLM: R

34. When companies commence operations in foreign countries, how do they usually set their wage rates?

- a. at an average of the prevailing wage rates for local companies
- b. at or slightly below the prevailing wage for local companies
- c. as low as they can given the local unemployment rates
- d. at or slightly higher than the prevailing wage for local companies

ANS: D PTS: 1 DIF: Understanding

REF: 411 OBJ: 6 BLM: R

35. How have host country managers traditionally been paid compared to expatriate managers?

- a. based on local market salary levels
- b. based on the national aggregate salary levels of the host-country
- c. at the same salary level as the expatriate manager
- d. based on the salary levels of the home country salary levels

ANS: A PTS: 1 DIF: Understanding

REF: 412 OBJ: 6 BLM: R

36. What has happened to the wage gap between host-country managers and expatriate managers?

- a. it has widened since the recession of 2008 began
- b. it has narrowed due to increased competition in the labour market
- c. it has remained virtually unchanged for many years
- d. it is currently under review as more countries introduce pay equity legislation

ANS: B PTS: 1 DIF:

Understanding/Application

REF: 413 OBJ: 6 BLM: R

37. What serious issue is related to expatriate compensation?

- a. which currency is used to pay the salary
- b. what amount to pay to third-country nationals
- c. how to ensure appropriate medical care
- d. the cost of living in the host country

ANS: C PTS: 1 DIF: Understanding

REF: 414 OBJ: 6 BLM: R

38. Wat must be in place to get employees to consent to international assignments?

- a. significantly higher wages for the same kind of work
- b. a guarantee of promotion upon return from the assignment
- c. taxation advantages for salaries earned in foreign countries
- d. health care comparable to what's available in their home countries

ANS: D PTS: 1 DIF: Understanding

REF: 414 OBJ: 6 BLM: R

39. On which basis are expatriates, who are on a short term or project-based assignment, likely to be compensated?

- a. salary plus out-of-country allowance
- b. home-based pay
- c. per-diem compensation
- d. host-based pay

ANS: C PTS: 1 DIF: Understanding

REF: 413 OBJ: 6 BLM: R

40. What method of performance evaluation is gaining favour among global firms concerning expatriates?

- a. combined host-country supervisor and self-appraisal
- b. host-country supervisor appraisal
- c. home-country/host-country appraisal
- d. 360-degree appraisal

ANS: D PTS: 1 DIF: Understanding

REF: 414 OBJ: 7 BLM: R

41. What criterion would be inappropriate for measuring the effectiveness of an expatriate?

- a. profits
- b. productivity
- c. cultivating relationships with citizens of the host-country
- d. ROI

ANS: D PTS: 1 DIF:  
Understanding/Application  
REF: 415 OBJ: 7 BLM: R

42. In which country are unions more closely aligned to employers than employees?

- a. Sweden
- b. India
- c. Germany
- d. China

ANS: D PTS: 1 DIF: Understanding  
REF: 416 OBJ: 8 BLM: R

43. In which country are nearly all the workers unionized and, as a result, unions have a great deal of power?

- a. Australia
- b. Sweden
- c. Canada
- d. France

ANS: B PTS: 1 DIF: Understanding  
REF: 416 OBJ: 8 BLM: R

44. In what country does the government intervene in all aspects of collective bargaining?

- a. Russia
- b. United Kingdom
- c. Mexico
- d. China

ANS: B PTS: 1 DIF: Understanding  
REF: 417 OBJ: 8 BLM: R

45. Which term refers to the representation of labour on the board of directors of a company?

- a. union/management relations
- b. codetermination

- c. co-management
- d. participative unionism

ANS: B PTS: 1 DIF: Understanding

REF: 418 OBJ: 8 BLM: R

### Scenario 11.1

ABC company, a domestic (Canadian) manufacturer of road and mountain bicycles, has recently expanded operations in its Italian business unit in response to the continued high demand for its products from international buyers. To meet this demand, the executives of ABC Company are recruiting internally for a high performing manager to serve as an expatriate in their newest overseas operation. They have identified Doug—a quickly rising star in their domestic operations—for this assignment. Doug is strongly considering their offer, and has already talked to his family about this opportunity.

46. Please refer to Scenario 11.1. ABC company is clearly using its domestic capabilities to move into overseas markets. Which type of corporation is ABC company?

- a. multinational corporation
- b. transnational corporation
- c. global corporation
- d. international corporation

ANS: D PTS: 1 DIF: Key Terms

REF: 390

OBJ: 1 BLM: HO

47. Please refer to Scenario 11.1. From the perspective of the ABC executives located in Canada, what would Italy be considered?

- a. a foreign entity
- b. an offshore worksite
- c. a host country
- d. a third country

ANS: C PTS: 1 DIF: Key Terms

REF: 395

OBJ: 2 BLM: HO

48. Please refer to Scenario 11.1. If Doug were to accept the assignment and relocate to Italy, what would he be called?

- a. a home-country national
- b. a domestic-abroad
- c. a host-country national
- d. a third-country national

ANS: A PTS: 1 DIF: Key Terms  
REF: 398  
OBJ: 4 BLM: HO

49. Please refer to Scenario 11.1. When Doug arrives, he finds that the ABC managers who were of Italian origin used a set of factors as a basis for hiring that are different than Canadian-born managers do. What factors did he observe them using?

- a. family ties; merit; social status
- b. social status; common origin; family ties
- c. merit; family ties; social status
- d. common origin; family ties; merit

ANS: B PTS: 1 DIF: Understanding  
REF: 403 OBJ: 4 BLM: HO

50. Please refer to Scenario 11.1. In selecting candidates for this Italian assignment, what did the ABC Company executives assess to determine which manager was the most suitable?

- a. they assessed employee preparation
- b. they assessed augmented skills and attributes
- c. they assessed personality
- d. they assessed core skills

ANS: B PTS: 1 DIF:  
Understanding/Application  
REF: 404 OBJ: 4 BLM: HO

51. Please refer to Scenario 11.1. Doug has never been to Italy, and does not know much about Italians. What can sensitivity training help him with?

- a. overcoming ethnic prejudices he might harbour

- b. developing a better understanding of ethical considerations abroad
- c. dealing with the dynamics he will face abroad
- d. dealing with gender issues in the workplace

ANS: A PTS: 1 DIF: Understanding

REF: 406 OBJ: 5 BLM: HO

52. Please refer to Scenario 11.1. What types of training should ABC Company offer to Doug prior to his assignment to Italy?

- a. social training; cultural training
- b. language training; cultural training
- c. social training; health & safety training
- d. health & safety training; language training

ANS: B PTS: 1 DIF: Understanding

REF: 406|407 OBJ: 5 BLM: HO

53. Please refer to Scenario 11.1. When ABC Company prepares for Doug to return home following his assignment, what should they focus on?

- a. the replacement of Doug with home-country nationals in Italy
- b. reducing Doug's job responsibilities when he arrives back at home
- c. ensuring that there is appropriate employment for Doug here in Canada
- d. finding a new international assignment for Doug, assuming he was successful in Italy

ANS: C PTS: 1 DIF: Understanding

REF: 409 OBJ: 5 BLM: HO

54. Please refer to Scenario 11.1. If Doug's assignment was considered to be short-term or project-based, what is the best method for ABC Company to use for Doug's compensation?

- a. salary plus out-of-country allowance
- b. home-based pay
- c. per-diem compensation
- d. host-based pay

ANS: C PTS: 1 DIF: Understanding

REF: 413 OBJ: 6 BLM: HO

55. Please refer to Scenario 11.1. Assume that Doug's assignment was lengthy and he had a performance evaluation while on assignment in Italy. What appraisal method did ABC use for Doug if executives used a performance evaluation method that is widely gaining favour for expatriates?

- a. combined host-country supervisor and self-appraisal
- b. host-country supervisor appraisal
- c. home-country/host-country appraisal
- d. 360-degree appraisal

ANS: D PTS: 1 DIF: Understanding

REF: 414 OBJ: 7 BLM: HO

#### TRUE/FALSE

1. A firm with independent business units operating in several countries is called a global corporation.

ANS: F PTS: 1 DIF: Key Terms  
REF: 390  
OBJ: 1

2. A firm with independent business units operating in several countries is called a multinational corporation.

ANS: T PTS: 1 DIF: Key Terms  
REF: 390  
OBJ: 1

3. A domestic firm that uses its existing capabilities to move into overseas markets is called an international corporation.

ANS: T PTS: 1 DIF: Key Terms  
REF: 390  
OBJ: 1



4. A firm that has integrated worldwide operations through a centralized home office is called a transnational corporation.

ANS: F PTS: 1 DIF: Key Terms  
REF: 390|391  
OBJ: 1

5. A firm that attempts to balance local responsiveness and global scale via a network of specialized operating units is called a transnational corporation.

ANS: T PTS: 1 DIF: Key Terms  
REF: 391  
OBJ: 1

6. The top ten international companies are in a strong position to affect the world economy.

ANS: T PTS: 1 DIF: Understanding  
REF: 391 OBJ: 1

7. The EU is Canada's largest trading partner.

ANS: F PTS: 1 DIF: Understanding  
REF: 394 OBJ: 2

8. HR planning in a global corporation will be affected by the health of the economies throughout their worldwide locations.

ANS: T PTS: 1 DIF: Application  
REF: 394  
OBJ: 2

9. In the worldwide recession that started in 2008, some international organizations were laying off workers in some countries while simultaneously hiring workers in other countries in which they have operations.

ANS: T PTS: 1 DIF: Application

REF: 394  
OBJ: 2

10. Our worst fears materialized when, as a result of NAFTA, unemployment rates increased sharply in all three countries.

ANS: F PTS: 1 DIF: Understanding

REF: 394 OBJ: 2

11. HRM can ensure the corporation's intellectual property rights throughout its worldwide operations by including appropriate language in its employment contract.

ANS: F PTS: 1 DIF: Application

REF: 395  
OBJ: 2

12. International corporations must take into consideration the various cultural environments of their host countries when developing HR policies and programs.

ANS: T PTS: 1 DIF: Application

REF: 395  
OBJ: 2

13. The only stable factors across all cultures that an international corporation can rely upon to develop consistent practices are: strategies and structures.

ANS: F PTS: 1 DIF: Understanding

REF: 395 OBJ: 2

14. Larger companies will have HR professionals devoted solely to assisting with the globalization process.

ANS: T PTS: 1 DIF: Application

REF: 396  
OBJ: 3

15. Organizations commonly wait until the activities are established in the host country before sending home-country expatriates to take up their foreign assignments.

ANS: F PTS: 1 DIF: Understanding

REF: 398 OBJ: 4

16. Expatriate assignments can cost three to five times what a domestic assignment costs.

ANS: T PTS: 1 DIF: Understanding

REF: 398 OBJ: 4

17. Many employees now consider foreign work credentials essential or extremely useful.

ANS: T PTS: 1 DIF: Understanding

REF: 400 OBJ: 4

18. There is an increased trend for international corporations to replace their expatriate managers with local managers as quickly as possible.

ANS: T PTS: 1 DIF: Understanding

REF: 400 OBJ: 4

19. There is a trend for international corporations to reduce the use of third-country nationals.

ANS: F PTS: 1 DIF: Understanding

REF: 400 OBJ: 4

20. It is not uncommon for governments to place pressure on international corporations to use more host-country employees.

ANS: T PTS: 1 DIF: Understanding

REF: 401 OBJ: 4

21. Tax incentives, tariffs, and quotas are often used by host countries to encourage local hiring.

ANS: T PTS: 1 DIF: Understanding

REF: 401 OBJ: 4

22. As a result of the standardization of academic credentials, it is no longer necessary to assess them for foreign-born employees.

ANS: F PTS: 1 DIF: Understanding

REF: 401 OBJ: 4

23. Improved telecommunications and travel have made it easier to match up employers and employees of all kinds worldwide.

ANS: T PTS: 1 DIF: Understanding

REF: 401 OBJ: 4

24. A shortage of talent is one of the reasons why more companies are recruiting internationally.

ANS: T PTS: 1 DIF: Key Terms

REF: 401

OBJ: 4

25. Because of its massive population, China does not face the same problem with labour shortages as other less populated countries do.

ANS: F PTS: 1 DIF: Understanding

REF: 401 OBJ: 4

26. In general, employee recruitment in Canada is subject to more government regulation than in other countries.

ANS: F PTS: 1 DIF: Key Terms  
REF: 401  
OBJ: 4

27. A government document granting a foreign individual the right to seek employment is called a passport.

ANS: F PTS: 1 DIF: Key Terms  
REF: 401  
OBJ: 4

28. A government document granting a foreign individual the right to seek employment is called a work permit or visa.

ANS: T PTS: 1 DIF: Key Terms  
REF: 401  
OBJ: 4

29. Multinational companies tend to use the same kinds of internal and external recruitment sources as are used in their home countries.

ANS: T PTS: 1 DIF: Key Terms  
REF: 401  
OBJ: 4

30. Foreign workers invited in to perform needed labour are referred to as temporary workers.

ANS: F PTS: 1 DIF: Key Terms  
REF: 401  
OBJ: 4

31. Guest workers are in greater demand in the hospitality and tourism business where they are primarily needed to take care of the guests at these types of establishments.

ANS: F PTS: 1 DIF: Key Terms  
REF: 402  
OBJ: 4

32. A major source of trained labour in Canada is apprenticeship training programs.

ANS: F PTS: 1 DIF: Key Terms  
REF: 402  
OBJ: 4

33. On the whole, apprenticeship training in Europe is superior to that in Canada.

ANS: T PTS: 1 DIF: Key Terms  
REF: 402  
OBJ: 4

34. Teams composed of members of multiple nationalities working on projects that span multiple countries are referred to as virtual teams.

ANS: F PTS: 1 DIF: Key Terms  
REF: 403  
OBJ: 4

35. Teams composed of members of multiple nationalities working on projects that span multiple countries are referred to as transnational teams.

ANS: T PTS: 1 DIF: Key Terms  
REF: 403  
OBJ: 4

36. A purpose of a transnational team might be to disseminate new ideas and technology to other regions.

ANS: T PTS: 1 DIF: Understanding  
REF: 403 OBJ: 4

37. Labour union restrictions can have an impact on hiring.

ANS: T PTS: 1 DIF: Understanding

REF: 403 OBJ: 4

38. The selection process for international assignments should emphasize the same employment factors regardless of the nature of the assignment.

ANS: F PTS: 1 DIF: Understanding

REF: 403 OBJ: 4

39. If a candidate for an international assignment is willing to live and work in a foreign environment, an indication of the person's tolerance of cultural differences should be obtained.

ANS: T PTS: 1 DIF: Understanding

REF: 404 OBJ: 4

40. Core skills are helpful in facilitating the efforts of expatriate managers.

ANS: F PTS: 1 DIF: Key Terms

REF: 404

OBJ: 4

41. Augmented skills are helpful in facilitating the efforts of expatriate managers.

ANS: T PTS: 1 DIF: Key Terms

REF: 404

OBJ: 4

42. A primary reason for a foreign assignment failure is the person's family (e.g. spouse and children).

ANS: T PTS: 1 DIF: Understanding

REF: 405 OBJ: 4

43. It is estimated that the financial costs associated with failed global assignments is in the range of 2 to 2.5 billion per year.

ANS: T PTS: 1 DIF: Key Terms

REF: 405

OBJ: 4

44. Not being able to adapt to a new social setting is the primary cause of failure of foreign assignments.

ANS: F PTS: 1 DIF: Understanding

REF: 405 OBJ: 4

45. Training and development for both expatriates and their families can have a big impact on the success of a foreign assignment.

ANS: T PTS: 1 DIF: Understanding

REF: 406 OBJ: 4

46. Most executives agree that communication with individuals who have a different language is among the biggest problems for the foreign business traveler.

ANS: T PTS: 1 DIF: Understanding

REF: 406 OBJ: 5

47. Those working internationally need to know as much as possible about the history, values, and dynamics of the host country.

ANS: F PTS: 1 DIF: Understanding

REF: 406 OBJ: 5



48. Fortunately for most Canadians, English is almost universally accepted as the primary language for international business.

ANS: T PTS: 1 DIF: Understanding

REF: 406 OBJ: 5

49. To communicate effectively in a foreign country, one need only learn the language.

ANS: F PTS: 1 DIF: Understanding

REF: 407 OBJ: 5

50. In some countries, gesturing with the hands is considered a communications pitfall.

ANS: T PTS: 1 DIF: Understanding

REF: 407 OBJ: 5

51. International assignments tend to delay developmental and career advantages while employees are on assignment.

ANS: F PTS: 1 DIF: Understanding

REF: 408 OBJ: 5

52. A disorientation that causes perpetual stress and is experienced by people who settle overseas for extended periods is called jet lag.

ANS: F PTS: 1 DIF: Understanding

REF: 408 OBJ: 5

53. A disorientation that causes perpetual stress and is experienced by people who settle overseas for extended periods is called culture shock.

ANS: T PTS: 1 DIF: Understanding

REF: 408 OBJ: 5

54. The process of employee transition home from an international assignment is referred to as repatriation.

ANS: T PTS: 1 DIF: Key Terms  
REF: 409  
OBJ: 5

55. Evidence suggests that upon returning home, many expatriates receive promotions.

ANS: F PTS: 1 DIF: Understanding  
REF: 409 OBJ: 5

56. Evidence suggests that upon returning home, many expatriates are given significantly diminished responsibilities.

ANS: T PTS: 1 DIF: Understanding  
REF: 409 OBJ: 5

57. Slightly over one half of Canadian companies have a repatriation plan.

ANS: F PTS: 1 DIF: Understanding  
REF: 409 OBJ: 5

58. It is not uncommon for expatriates to return home and find there is no position for them in the firm.

ANS: T PTS: 1 DIF: Understanding  
REF: 409 OBJ: 5

59. One of the most complex areas of international HRM is compensation.

ANS: T PTS: 1 DIF: Key Terms  
REF: 410  
OBJ: 6

60. The pay gap between host-country managers and expatriate managers has widened in recent years.

ANS: F PTS: 1 DIF: Understanding  
REF: 410 OBJ: 6

61. Expatriates that are on a short-term or project-based assignment are likely to be compensated on a per-diem basis.

ANS: T PTS: 1 DIF: Understanding  
REF: 411 OBJ: 6

62. While benefits can range dramatically from country to country, it is not a major concern for Canadian-based international countries as we have the highest percentage of benefits to payroll cost at 30 percent.

ANS: F PTS: 1 DIF: Understanding  
REF: 411 OBJ: 6

63. Whether a company uses home-based or host-based pay depends on whether the employee will ultimately remain abroad or return home.

ANS: T PTS: 1 DIF: Understanding  
REF: 413 OBJ: 6

64. A serious issue related to expatriate compensation is medical care.

ANS: T PTS: 1 DIF: Understanding  
REF: 414 OBJ: 6

65. When it comes to performance assessment, North American countries can encounter problems in Asian and Eastern European countries because our management style focuses on the team.

ANS: F PTS: 1 DIF: Understanding

REF: 414 OBJ: 7

66. The supervisor in the host country should always be the person who assesses the performance of an expatriate subordinate.

ANS: F PTS: 1 DIF: Understanding

REF: 414 OBJ: 7

67. Because expatriate assignments are so costly, organizations are increasingly under pressure to calculate a return on the investment of these assignments.

ANS: T PTS: 1 DIF: Understanding

REF: 415 OBJ: 7

68. The laws governing union/management relations is fairly standardized across all countries.

ANS: F PTS: 1 DIF: Understanding

REF: 415 OBJ: 8

69. In some European countries, the government intervenes in all aspects of collective bargaining.

ANS: T PTS: 1 DIF: Understanding

REF: 418 OBJ: 8

70. In Germany, the law requires representation of labour on the board of directors of a company.

ANS: T PTS: 1 DIF: Understanding  
REF: 418 OBJ: 8

## ESSAY

1. Define each of the four types of international businesses.

ANS:

- 1 International Corporation – A domestic firm that uses existing capabilities to move into overseas markets.
- 2 Multinational Corporation – A firm with independent business units operating in several countries.
- 3 Global Corporations – A firm that has integrated worldwide operations through its centralized home office.
- 4 Transnational Corporation – A firm that attempts to balance local responsiveness and global scale via a network of specialized operating units.

PTS: 1 DIF: Key Terms REF: 390|391  
OBJ: 1

2. Of the three sources of employees with whom to staff international operations, which one is preferred in the later stages of internationalization, and why?

ANS:

In the later stages of internationalization, there is a definite move toward the use of host-country nationals. There are three main advantages for doing so.

- 1 Hiring local citizens is less costly than relocating expatriates.
- 2 Since local governments usually want good jobs for their citizens, foreign employers may be required to hire them.
- 3 Most customers want to do business with companies (and people) they perceive to be local versus foreign.

PTS: 1 DIF: Understanding  
REF: 398  
OBJ: 3

3. List and describe the four steps in the selection process for expatriates.

ANS:

**Step 1 - Begin with Self-selection**

Employees who are interested in foreign assignments should plan for the eventuality as part of their career planning. It is preferable for organizations to select from among employees who present themselves as candidates as opposed to forcing someone who has no interest in working abroad. As part of the preparation process, employees should undertake research to gain a better understanding of what it would take to be successful in a foreign assignment. If the employee is married and has a family, the considerations become more complex.

**Step 2 - Create a Candidate Pool**

From among employees who have self-selected, organizations can create a database of those candidates that would include languages spoken, location preferences, skills and availability.

**Step 3 - Assess Core Skills**

From the shortlist of potential candidates, the organization must carefully assess the technical and managerial skills relative to the needs of the assignment.

**Step 4 - Assess Augmented Skills and Attributes**

These factors go beyond a candidate's technical skills and look at the types of skills and other attributes that are known to be effective and contributory to success in foreign assignments. Diplomacy, negotiation skills, change management skills, and adaptability are examples of augmented skills and attributes.

PTS:	1	DIF:	Understanding
REF:	404		
OBJ:	4		

4. An increasing number of companies are developing programs specifically designed to facilitate repatriation—that is, helping employees make the transition back home. Identify and briefly explain four important considerations for a repatriation program.

ANS:

- Align individual goals with organizational goals, including “personality fit” for an international assignment.
- Provide appropriate notice of repatriation as well as clarity on what benefits will be provided such as moving costs, tax planning, home search, counselling, spousal career counselling, and settling-in services.
- Ensure that there is appropriate employment in the home country when the international assignment is completed.
- Have a mentoring program in place for returning employees as most expats are high performing and high potential.

PTS: 1 DIF: Understanding  
REF: 409  
OBJ: 5  
Copyright © 2014 Nelson Education Ltd. 11-1