

Chapter 16

Student: _____

1. According to the opening case, Molex now operates some 50 manufacturing plants in 21 countries. From that base, _____ of its \$2.5 billion in annual revenues are outside of the United States.
 - A. 25 percent
 - B. 45 percent
 - C. 65 percent
 - D. 75 percent
 - E. 85 percent
2. Molex, according to the opening case, can be best described as having a
 - A. geocentric policy.
 - B. polycentric policy.
 - C. multidomestic policy.
 - D. global policy.
 - E. transnational policy
3. The activities an organization carries out to utilize its _____ effectively is referred to as human resource management.
 - A. customers
 - B. external stakeholders
 - C. employees
 - D. suppliers
 - E. management
4. Compensation practices may vary from country to country, labour laws prohibiting union organization, and the strong pursuit of equal employment legislation are all complexities in
 - A. customers orientation.
 - B. external stakeholders.
 - C. human resources.
 - D. supplier confidence.
 - E. firm structure
5. Philip Thomas is a manager for XYZ International Inc. Philip's job requires him to deal with the differences in equal employment legislations between each country. Philip could be considered to be a(n)
 - A. external manager.
 - B. account manager.
 - C. human resource manager.
 - D. expatriate manager.
 - E. labour lawyer
6. The activities which include determining the firm's human resource strategy, staffing, performance evaluation, management development, compensation, and labour relations are referred to as
 - A. personnel psychology management.
 - B. stakeholder management.
 - C. human resource management.
 - D. positive-sum management.
 - E. employee relations management

7. A(n) _____ manager is a citizen of one country who is working abroad in one of his or her firm's subsidiaries.
- A. expatriate
 - B. cross-divisional
 - C. cross-cultural
 - D. ethnocentric
 - E. inpatriate
8. Multi domestic firms try to create value by emphasizing
- A. local responsiveness.
 - B. ethnocentrism.
 - C. empowerment.
 - D. strategic alliances.
 - E. core competency sharing
9. Adam Cowgill works for Dell Computer (a U.S. based firm) but is assigned to Dell's sales office in Germany. Under these circumstances, Mr. Cowgill would be called a(n) _____ manager.
- A. ethnocentric
 - B. cross-cultural
 - C. expatriate
 - D. cross-divisional
 - E. foreign
10. _____ is concerned with the selection of employees for particular jobs.
- A. Compensation policy
 - B. Staffing policy
 - C. Performance appraisal policy
 - D. Training policy
 - E. Hiring policy
11. The term corporate culture refers to an organization's _____.
- A. compensation systems
 - B. norms and value systems
 - C. standing among its peer firms
 - D. policies, rules, and regulations
 - E. behaviour and attitudes
12. Beth's behavioural style, beliefs, and value system are consistent with that of the company that she works for and is said to be compatible with her company's
- A. corporate culture.
 - B. corporate structure.
 - C. corporate resources.
 - D. corporate bureaucracy.
 - E. corporate standards
13. Research has identified three types of staffing policies in international businesses: (1) the ethnocentric approach, (2) the polycentric approach, and (3) the
- A. networkcentric approach.
 - B. intercentric approach.
 - C. globalcentric approach.
 - D. geocentric approach.
 - E. multicentric approach

14. General Electric is not just concerned with hiring people who have the skills required for performing particular jobs; it wants individuals whose behavioural styles, beliefs, and value systems are consistent with those of GE. This would be an example of
- A. ethnocentrism.
 - B. corporate culture.
 - C. polycentric policy.
 - D. network approach.
 - E. behavioural approach
15. In the Dutch firm Philips, all important positions in most foreign subsidiaries were at one time held by Dutch nationals who were referred to by their non-Dutch colleagues as the Dutch Mafia. This example illustrates a(n)
- A. ethnocentric staffing policy.
 - B. globalcentric staffing policy.
 - C. polycentric staffing policy.
 - D. domesticcentric staffing policy.
 - E. nationalcentric staffing policy
16. A(n) _____ staffing policy is one in which all key management positions are filled by parent company nationals.
- A. ethnocentric
 - B. intercentric
 - C. polycentric
 - D. geocentric
 - E. nationalistic
17. Many Japanese firms prefer their foreign operations to be headed by expatriate Japanese managers because these managers will have socialized into the firm's culture while employed in Japan. This is an example of
- A. polycentricity.
 - B. intercentricity.
 - C. ethnocentricity.
 - D. egocentricity.
 - E. nationalistic
18. A reason not to pursue an ethnocentric staffing policy is
- A. if a firm is trying to create value by transferring core competencies to a foreign operation, it may believe that the best way to do this is to transfer parent country nationals who have knowledge of that competency to the foreign operation.
- B. the firm may believe there is a lack of qualified individuals in its own parent company to fill senior management positions.
 - C. the firm may see an ethnocentric staffing policy as the best way to maintain a unified corporate culture.
 - D. the firm may believe there is a lack of qualified individuals in the host country to fill senior management positions.
 - E. the firm may believe that parent company managers are superior to host country managers.

19. There are two reasons that the ethnocentric staffing policy is on the wane in most international businesses. These are
- A an ethnocentric staffing policy limits advancement opportunities for host country nationals and an . ethnocentric policy can lead to "cultural myopia."
 - B an ethnocentric staffing policy is the most expensive of the alternatives and an ethnocentric policy . limits advancement opportunities for parent company personnel.
 - C an ethnocentric staffing policy limits the cultural awareness of parent company personnel and an . ethnocentric policy can lead to "cultural myopia."
 - D an ethnocentric staffing policy is the most expensive of the alternatives and an ethnocentric policy . limits the cultural awareness of parent company personnel.
 - E an ethnocentric staffing policy prevents a company from realizing compensation savings from hiring . local staff and can lead to the dilution of corporate culture
20. A(n) _____ staffing policy requires host country nationals to be recruited to manage subsidiaries, while parent company nationals occupy key positions at corporate headquarters.
- A. polycentric
 - B. geocentric
 - C. ethnocentric
 - D. intercentric
 - E. multicentric
21. Japanese expatriate managers would have to comply with Canada's _____, which mandates _____ in the workplace.
- A. Employment Compensation Act; equal pay for equal work
 - B. Fair Employment Practices Act; seniority based compensation
 - C. Minorities Employment Act; hiring of minorities
 - D. Unemployment Insurance Act; severance pay
 - E. Employment Equity Act; equality
22. A(n) _____ is a response to the shortcomings of an ethnocentric approach.
- A. ethnocentric staffing policy
 - B. geocentric staffing policy
 - C. polycentric staffing policy
 - D. intercentric staffing policy
 - E. multicentric staffing policy
23. "Cultural Myopia" refers to the firm's failure to
- A. understand host-country cultural differences that require different approaches to marketing and management.
 - B. create the proper environment for fostering creativity.
 - C. adapt to certain ethnocentric cultures through the expatriate.
 - D. distinguish between forward thinking and empowerment among cultures.
 - E. be far sighted in considering cultural trends and developments in host countries.
24. According to the textbook, what staffing policy has the advantage of having firms that are less likely to suffer from cultural myopia?
- A. Geocentric
 - B. Intercentric
 - C. Polycentric
 - D. Ethnocentric
 - E. Multicentric
25. A(n) _____ staffing policy seeks the best people for key jobs throughout the organization.
- A. intercentric
 - B. ethnocentric
 - C. geocentric
 - D. polycentric
 - E. multicentric

26. Which of the following is not an advantage of a geocentric approach to staffing for international businesses?
- A. Uses human resources efficiently
 - B. Helps build a strong culture
 - C. Inexpensive to implement
 - D. Helps build a strong informal management network
 - E. Helps build a group of managers who are comfortable working in many different cultures
27. The strategy that is most compatible with an ethnocentric staffing policy is
- A. transnational strategy.
 - B. global strategy.
 - C. multidomestic strategy.
 - D. international strategy.
 - E. pan-national strategy
28. Which of the following strategies is most compatible with a polycentric staffing policy?
- A. International strategy
 - B. Global strategy
 - C. Multidomestic strategy
 - D. Transnational strategy
 - E. Pan-national
29. Which of the following two strategies are most compatible with a geocentric staffing policy?
- A. Global and transnational
 - B. Multidomestic and transnational
 - C. International and multidomestic
 - D. Global and multidomestic
 - E. Global and international
30. What two of the three common international staffing policies rely on extensive use of expatriate managers?
- A. Ethnocentric, geocentric
 - B. Polycentric, intercentric
 - C. Ethnocentric, intercentric
 - D. Polycentric, geocentric
 - E. Ethnocentric, multicentric
31. A(n) _____ approach to staffing has the following advantages: (1) overcomes lack of qualified managers in host nation, (2) unified culture, and (3) helps transfer core competencies.
- A. polycentric
 - B. geocentric
 - C. ethnocentric
 - D. intercentric
 - E. multicentric
32. A(n) _____ approach to staffing has the following advantages: (1) alleviates cultural myopia, (2) inexpensive to implement.
- A. polycentric
 - B. intercentric
 - C. geocentric
 - D. ethnocentric
 - E. multicentric

33. What approach to staffing has the following advantages: (1) uses human resources effectively, (2) helps build strong culture and informal management network?
- A. Ethnocentric
 - B. Geocentric
 - C. Intercentric
 - D. Polycentric
 - E. Multicentric
34. A(n) _____ approach to staffing has the following disadvantages: (1) produces resentment in host country, (2) can lead to cultural myopia.
- A. polycentric
 - B. intercentric
 - C. ethnocentric
 - D. geocentric
 - E. multicentric
35. A(n) _____ approach to staffing has the following disadvantages: (1) limits career mobility, (2) isolates headquarters from foreign subsidiaries.
- A. polycentric
 - B. intercentric
 - C. geocentric
 - D. ethnocentric
 - E. multicentric
36. _____ is the premature return of an expatriate manager to his or her home country.
- A. Expatriate relief
 - B. Expatriate failure
 - C. Expatriate rotation
 - D. Expatriate timing
 - E. Repatriation
37. _____ is a subset of expatriates who are citizens of a foreign country working in the home country of their multinational employer.
- A. Immigrants
 - B. Inpatriates
 - C. Third-country nationals
 - D. Hyperpatriate
 - E. Repatriates
38. One estimate of the costs of expatriate failure is that the average cost per failure to the parent company can be as high as _____ time the expatriate's annual domestic salary plus the cost of relocation.
- A. 1.5
 - B. 3
 - C. 5
 - D. 7
 - E. 2
39. Research suggests that between _____ of all American employees sent abroad to developed nations return from their assignments early.
- A. 4 and 12 percent
 - B. 8 and 22 percent
 - C. 12 and 26 percent
 - D. 16 and 40 percent
 - E. 26 and 56 percent

40. _____ percent of U.S. multinationals experience expatriate failure rates of 10 percent or more, according to a study conducted by R.L. Tung.
- A. 91
 - B. 76
 - C. 44
 - D. 17
 - E. 28
41. Which of the following was not identified by R.L. Tung as a reason for expatriate failure among U.S. expatriate managers?
- A. Poor pay
 - B. Difficulties with new environment
 - C. Inability of spouse to adjust
 - D. Personal or emotional problems
 - E. Family discord
42. All of the following were identified by R.L. Tung as a reason for expatriate failure among U.S. expatriate managers except
- A. manager's personal or emotional maturity.
 - B. inability to cope with larger overseas responsibility.
 - C. inability of spouse to adjust.
 - D. poor working conditions overseas.
 - E. other family problems
43. According to the results of a study by R.L. Tung, what indicated that the most consistent reason cited by European expatriates for expatriate failure among their group?
- A. Personal or emotional problems
 - B. Inability to cope with larger overseas responsibilities
 - C. Poor pay
 - D. The inability of the manager's spouse to adjust to a new environment
 - E. Ethnocentric attitudes
44. In a recent survey, almost _____ of employees sent to developing nations return home early.
- A. 25 percent
 - B. 33 percent
 - C. 50 percent
 - D. 60 percent
 - E. 70 percent
45. According to the results of a study of R.L. Tung, the number one reason that Japanese expatriate managers fail is
- A. inability of spouse to adjust.
 - B. lack of technical competence.
 - C. personal or emotional problems.
 - D. inability to cope with larger overseas responsibilities.
 - E. ethnocentric attitudes
46. A recent study by International Orientation Resources, an HRM consulting firm, found that _____ of expatriate failures occur because of three reasons.
- A. 20%
 - B. 30%
 - C. 40%
 - D. 50%.
 - E. 60%

47. Which of the following describes the most important reason why American expatriates fail?
- A. Other family problems
 - B. Manager's personal or emotional maturity
 - C. Inability of spouse to adjust
 - D. Lack of technical competence
 - E. Inability to cope with larger overseas responsibilities
48. Recent research suggests that a main reason managers now turn down international assignments is concern over
- A. the impact of such an assignment might have on their spouse's career.
 - B. how well the expatriate can develop in a new atmosphere.
 - C. the technical expertise of the individual.
 - D. whether or not there will be a job lined up with the same company after the return.
 - E. security concerns
49. What trend has contributed to spousal discontent in foreign postings?
- A. the increased security threats
 - B. lack of cross cultural sensitivity
 - C. host country nationalism
 - D. increased restrictions on spousal work permits
 - E. the rise in two career families
50. What four dimensions seem to predict success in expatriate selection were identified by Mendenhall and Oddou?
- A. Self-orientation, others-orientation, perceptual ability, and cultural toughness
 - B. Cognitive ability, subjective ability, positive affect, and cultural awareness
 - C. Self-orientation, cognitive ability, subjective ability, and cultural toughness
 - D. Subjective ability, others-orientation, perceptual ability, and cultural awareness
 - E. Multicultural exposure, self confidence, self reflection, and social personality type
51. A person who is an expatriate with good mental well being, high self-esteem and high self-confidence is successful in what dimension
- A. cultural toughness
 - B. others-orientation
 - C. perceptual ability
 - D. self-orientation
 - E. reflection
52. The ability of a female western manager to adapt to a culture that is extremely male dominated is an example of
- A. cultural toughness.
 - B. others-orientation.
 - C. perceptual ability.
 - D. self-orientation.
 - E. religious tolerance
53. If you were transferred abroad and didn't like interacting those in the host country and didn't know the local language, this might mean that you lacked attributes of Mendenhall and Oddou's _____ dimension.
- A. self-orientation
 - B. others-orientation
 - C. perceptual ability
 - D. cultural toughness
 - E. cross-cultural literacy

54. According to Mendenhall and Oddou, the attribute of _____ strengthens an expatriate's self-esteem, self-confidence, and mental well-being.
- A. cultural toughness
 - B. perceptual ability
 - C. others-orientation
 - D. self-orientation
 - E. self confidence
55. According to Mendenhall and Oddou, the attribute of _____ enhances the expatriate's ability to interact effectively with host country nationals.
- A. others-orientation
 - B. self-orientation
 - C. cultural toughness
 - D. perceptual ability
 - E. multiculturalism
56. Relationship development and willingness to communicate are the two factors that are particularly important in developing a health degree of _____
- A. cultural toughness.
 - B. perceptual ability.
 - C. others-orientation.
 - D. self-orientation.
 - E. socialization
57. According to Mendenhall and Oddou, expatriate managers who lack _____ tend to treat foreign nationals as if they were home country nationals.
- A. cultural toughness
 - B. self-orientation
 - C. others-orientation
 - D. perceptual ability
 - E. empathic ability
58. According to Mendenhall and Oddou, the attribute of _____ provides an expatriate the ability to understand why people of other countries behave the way they do, that is, the ability to empathize with them.
- A. cultural toughness
 - B. perceptual ability
 - C. self orientation
 - D. others-orientation
 - E. cultural sensitivity
59. According to Mendenhall and Oddou, what refers to the fact of how well an expatriate adjusts to a particular posting as it relates to the country of assignment?
- A. Cultural toughness
 - B. Expatriate stamina
 - C. Country-specific durability
 - D. Expatriate persistence
 - E. Adaptive ability
60. Only _____ of the firms in the study conducted by R.L. Tung used formal procedures and psychological tests to assess the personality traits and relational abilities of potential expatriates.
- A. 5%
 - B. 15%
 - C. 20%
 - D. 30%
 - E. 45%

61. The type of training that seeks to foster an appreciation for the host country's culture is called
- A. cultural training
 - B. technical training
 - C. language training
 - D. practical training
 - E. cultural literacy
62. The type of training that is aimed at helping an expatriate managers and his or her family ease themselves into day-to-day life in the host country is called
- A. cognitive training
 - B. practical training
 - C. technical training
 - D. cultural training
 - E. life training
63. According to one study, what percent of repatriated employees didn't know what their position would be when they returned home?
- A. 10-15
 - B. 25-35
 - C. 45-50
 - D. 50-60
 - E. 60-70
64. _____ programs are designed to increase the overall skill levels of managers through a mix on ongoing management education and rotations of managers through a number of jobs within the firm to give them varied experiences.
- A. Organizational development
 - B. Technical development
 - C. Management development
 - D. Personnel development
 - E. Competency and skills development
65. A(n) _____ program is intended to develop a manager's skills over his or her career with a firm.
- A. organizational development
 - B. personnel development
 - C. management development
 - D. technical development
 - E. career development
66. An important goal in management development programs is to:
- A. build an informal network of contacts
 - B. encourage the cross-transfer of skills and knowledge
 - C. encourage cross-cultural literacy
 - D. enhance the employability of participants
 - E. build a unifying culture
67. In most cases, which two groups evaluate the performance of expatriate managers?
- A. host-nation employment standards committees and home country superiors
 - B. host nation managers and host nation customers
 - C. home country managers and host nation customers
 - D. home country managers and host country employees
 - E. home country managers and host country managers
68. Some of the reasons that may bias the home country managers' appraisals of expatriate managers are:
- A. distance and lack of experience working abroad
 - B. unfamiliarity with the language and culture
 - C. personal relationships and subjectivity
 - D. their compensation is tied to the evaluation of the host country manager
 - E. None of these answers is correct

69. When evaluating the performance of an expatriate manager, home-country managers tend to rely on what?
- A. the appraisals of host-country managers
 - B. pay grades
 - C. overall compensation
 - D. soft variables
 - E. hard data
70. What is the most common approach to expatriate pay?
- A. merit approach
 - B. correspondence approach
 - C. balance sheet approach
 - D. parity approach
 - E. country equity approach
71. In regard to expatriate pay, the _____ equalizes purchasing power across countries so employees can enjoy the same living standard in their foreign posting that they enjoyed at home.
- A. balance sheet approach
 - B. standard of living approach
 - C. merit approach
 - D. correspondence approach
 - E. country equity approach
72. In regard to expatriate pay, the balance sheet approach accomplishes two objectives. These are
- A. compensates for higher taxes in the host country and reduces expatriate failure rates
 - B. relieves an employee of the burden of paying taxes on income earned overseas, and provides an employee a standard 25% increase in pay for taking an overseas assignment.
 - C. equalizes purchasing power across countries so employees can enjoy the same living standard in their foreign posting that they enjoyed at home, and relieves an employee of the burden of paying taxes on income earned overseas.
 - D. provides financial incentives to offset qualitative differences between assignment locations, and provides an employee a standard 25% increase in pay for taking an overseas assignment.
 - E. equalizes purchasing power across countries so employees can enjoy the same living standard in their foreign posting that they enjoyed at home, and provides financial incentives to offset qualitative differences between assignment locations.
73. Which compensation approach attempts to provide expatriates with the same standard of living in their host countries as they enjoy at home plus a financial inducement for accepting an overseas assignment?
- A. merit approach
 - B. correspondence approach
 - C. parity approach
 - D. balance sheet approach
 - E. country equity approach
74. A(n) _____ is extra pay the expatriate receives for working outside his or her country of origin.
- A. parity adjustment
 - B. expatriate special circumstance
 - C. foreign service premium
 - D. allowance
 - E. foreign service allowance

75. Guardian Smitz is an expatriate working in the Philippines. As an expatriate, Guardian incurs an extra pay incentive for working outside his country. This extra pay incentive is called a(n)
- A. travel allowance
 - B. emergency allowance
 - C. foreign service premium
 - D. parity adjustment
 - E. foreign service allowance
76. The form of compensation that compensates an expatriate for having to live in an unfamiliar country isolated from family and friends is referred to as a(n)
- A. expatriate special circumstance
 - B. allowance
 - C. parity adjustment
 - D. foreign service premium
 - E. foreign service allowance
77. What are the four types of allowances that are often included in an expatriate's compensation package?
- A. Travel allowances, emergency allowances, training allowances, relocation allowances
 - B. Hardship allowances, housing allowances, cost-of-living allowances, and education allowances
 - C. Emergency allowances, hardship allowances, training allowances, cost-of-living allowances
 - D. Housing allowances, travel allowances, cost-of-living allowances, and relocation allowances
 - E. Living allowance, education allowance, travel allowance, spousal allowance
78. One of tasks of the _____ function is to foster harmony and minimize conflict between the firm and organized labour.
- A. marketing
 - B. exporting
 - C. human resource
 - D. production
 - E. host country management
79. A housing allowance is normally given to ensure that the expatriate can afford the same quality of housing in the foreign country as at home. In locations where housing is very expensive, this allowance can be substantial as much as _____ percent.
- A. 5
 - B. 7
 - C. 15
 - D. 25
 - E. 30
80. In regard to the types of allowances often included in an expatriate's compensation package, a(n) _____ allowance is paid when the expatriate is being sent to a difficult location.
- A. education
 - B. housing
 - C. hardship
 - D. cost-of-living
 - E. distance
81. In regard to the types of allowances often included in an expatriate's compensation package, a(n) _____ allowance is often paid to ensure that the expatriate will enjoy the same standard of living in the foreign posting as at home.
- A. housing
 - B. education
 - C. hardship
 - D. cost-of-living
 - E. compensation

82. Unless a host country has _____ with the expatriate's home country, the expatriate may have to pay income tax to both the home and host country governments.
- A. diplomatic relations
 - B. a trade treaty
 - C. a positive balance of trade
 - D. a reciprocal tax treaty
 - E. consular agreement
83. What does a firm typically do when a reciprocal tax treaty is not in force?
- A. pays one-third of the expatriate's income tax in the host country
 - B. pays one-half of the expatriate's income tax in the host country
 - C. pays the expatriate's income tax in the host country
 - D. requires the expatriate to pay his or her own income tax in the host country
 - E. pays the income tax for the employee in the home country
84. The _____ function of an international business is typically responsible for international labour relations.
- A. international business
 - B. human resource management
 - C. finance and accounting
 - D. legal
 - E. management
85. From a strategic perspective, the key issue in international labour relations is
- A. the degree to which organized labour can limit the choices of an international business.
 - B. the degree to which organized labour increases the costs of conducting international business.
 - C. the degree to which organized labour discourages participation in international business.
 - D. the degree to which organized labour resists the transfer of domestic employees to overseas operations.
 - E. the degree to which organized labour can restrict job flexibility
86. Unions generally try to get better pay, greater job security, and better working conditions for their members through _____ with management?
- A. binding arbitration
 - B. negotiation
 - C. wildcat strikes
 - D. voluntary consensus
 - E. collective bargaining
87. A principle concern of domestic unions about multinational firms is that the multinational can counter their bargaining power with
- A. work schedules tied to global rather than domestic standards.
 - B. wage rates tied to global rather than domestic standards.
 - C. the power to import labour from abroad.
 - D. the power to move production to another country.
 - E. the power to close plants

88. Organized labour has responded to the increased bargaining power of multinational corporations by taking three actions
- . Trying to impose regulations on multinationals through organizations such as GATT, trying to establish international labour organizations, applying pressure on the governments of major industrial nations to impose stricter regulations on multinationals
 - . Trying to establish regional labour organizations, trying to establish international organizations to act as advocates for the employees of multinationals, and lobbying for national legislation to restrict multinationals
 - . Trying to establish international labour organizations, lobbying for national legislation to restrict multinationals, and trying to create controlled regional labour boards
 - . Trying to impose regulations on multinationals through organizations such as the International Monetary Fund, applying pressure on the governments of major industrial nations to impose stricter regulations on multinationals, trying to establish regional labour organizations
 - . Requiring the ILO (International Labour Organization) to register all multinational contracts, organizing in the host countries so as to create one bargaining unit, and lobbying domestic governments to restrict multinationals
89. Organized labour has responded to the increased bargaining power of multinational corporations by taking which of the following actions?
- A. trying to impose regulations on multinationals through organizations such as GATT
 - B. trying to achieve international regulations on multinationals through such organizations as the United Nations.
 - C. trying to establish regional boards
 - D. trying to lobby multinational corporations to restrict their global reach to three or fewer foreign countries.
 - E. creating global bargaining units
90. In the context of international labour relations, what does the acronym ITS stand for?
- A. International Trade Secrets
 - B. International Trade Statistics
 - C. International Trade Secretariats
 - D. International Trade Sanctions
 - E. International Trade Support
91. In the 1960s organized labour began to establish a number of _____ to provide worldwide links for national unions.
- A. International Trade Secretariats
 - B. International Trade Boards
 - C. International Trade Commissions
 - D. International Trade Federations
 - E. International Trade Unions
92. According to the textbook, in practice, the International Trade Secretariats have had
- A. resounding success
 - B. virtually no success
 - C. moderate success
 - D. good success in industrialized nations, but less success elsewhere
 - E. anti-union legislation passed
93. What is the main difference between international businesses in terms of their approaches to international labour relations?
- A. The degree to which labour relations activities are centralized or decentralized
 - B. The degree to which labour relations are formal or informal
 - C. The degree to which labour relations are given a high priority or a low priority
 - D. The degree to which labour relations are internally or externally managed
 - E. the degree to which labour relations are restricted or allowed

94. According to the opening case, as Molex grew rapidly overseas, the HRM function made sure that every new unit did the same basic things whatever the country.
True False
95. Human resource management refers to the activities an organization carries out to utilize its human resources effectively.
True False
96. The role of HRM has a similar level of complexity for a domestic and an international firm.
True False
97. A citizen of one country who is working abroad in one of the firm's subsidiaries is an expatriate manager.
True False
98. The four strategies pursued by international businesses are the multi domestic, the international, the global, and the transnational.
True False
99. Compensation policy is concerned with the selection of employees for particular jobs.
True False
100. Staffing policy can be a tool for developing and promoting corporate culture.
True False
101. The ethnocentric approach, the polycentric approach, and the geocentric approach are three types of staffing policies in international businesses research has identified.
True False
102. A geocentric staffing policy is one in which all key management positions are filled by parent country nationals.
True False
103. A polycentric staffing policy is one in which parent-country nationals fill all key management positions.
True False
104. A polycentric staffing policy can lead to "cultural myopia."
True False
105. European-based multinationals experience a much higher expatriate failure rate than either Japanese or United States multinationals, according to a study conducted by R.L. Tung.
True False
106. According to a study by R.L. Tung, the number one reason for expatriate failure among U.S. multinationals is the inability of the expatriate manager's spouse to adjust.
True False
107. J.C. Baker's study of executives of U.S. multinationals found that most believed that knowledge of foreign languages was necessary for conducting business abroad.
True False
108. Mendenhall and Oddou identified four dimensions that seem to predict success in foreign postings: self-orientation, others-orientation, perceptual ability, and cultural toughness.
True False
109. One of the main reasons why managers turn down international assignments is concern over the impact of the assignment on their spouse's career.
True False

110. Historically, most international businesses have been more concerned with management development than with training.
True False
111. The two most common reasons for expatriate failure were the inability of a manager's spouse to adjust to a foreign environment and the manager's own inability to adjust to a foreign environment.
True False
112. Cultural training seeks to foster an appreciation for the host country's culture.
True False
113. The language of world business is Japanese.
True False
114. According to the textbook, almost all expatriates believe that a position in a foreign country is beneficial to the careers of almost all expatriates, because their knowledge is highly valued by their company when they get home.
True False
115. Substantial differences exist in the compensation of executives at the same level in various countries.
True False
116. Compensation does not vary widely around the globe.
True False
117. The components of the typical expatriate compensation package are a base salary, a foreign service premium, allowances of various types, tax differentials, and benefits.
True False
118. Unless a host country has a reciprocal tax treaty with the expatriate's home country, the expatriate may have to pay income tax to both the home and the host country governments.
True False
119. Describe the concept of human resources management. What extra challenges confront an international business in this area?
120. Discuss the differences between an ethnocentric approach, a polycentric approach, and a geocentric approach to staffing for international businesses. What is the rationale behind each of these approaches? How does a firm's staffing policy relate to the strategy that it is pursuing in a foreign country?

121. What is an expatriate manager? What are some of the steps that an international business can take to enhance the success of their expatriate manager program?
122. What are management development programs? How can international businesses use management development programs as a strategic tool?
123. What is the purpose of cultural training for an expatriate? How can "culture shock" be avoided?
124. Discuss the issue of expatriate compensation. Suppose you worked for a firm that transferred you from the United States to a developing country in Asia or South America. How do you think you should be compensated relative to your peers in similar jobs at home?
125. What is the principle role of labour unions? What concerns do organized labour have about multinational firms?
126. Define and describe the balance-sheet approach used by many MNCs to calculate the compensation they wish to offer to their expatriates.

127.Explain the impact of unionization on HRM.

Chapter 16 Key

1. (p. 506) C
2. (p. 507-508) A
3. (p. 508) C
4. (p. 509) C
5. (p. 509) C
6. (p. 509) C
7. (p. 509) A
8. (p. 509) A
9. (p. 509) C
10. (p. 510) B
11. (p. 510) B
12. (p. 510) A
13. (p. 510) D
14. (p. 510) B
15. (p. 510) A
16. (p. 510) A
17. (p. 510) C
18. (p. 511) B
19. (p. 511) A
20. (p. 512) A
21. (p. 511) E
22. (p. 512) C
23. (p. 511-512) A
24. (p. 512) C
25. (p. 512) C
26. (p. 512, 513) C
27. (p. 513) D
28. (p. 513) C
29. (p. 513) A
30. (p. 513) A
31. (p. 513) C
32. (p. 513) A
33. (p. 513) B
34. (p. 513) C
35. (p. 513) A
36. (p. 514) B

37. (p. 513, 514) B
38. (p. 514) B
39. (p. 514) D
40. (p. 514) B
41. (p. 514) A
42. (p. 514) D
43. (p. 514-515) D
44. (p. 514) E
45. (p. 514) D
46. (p. 515) E
47. (p. 515) C
48. (p. 515) A
49. (p. 515) E
50. (p. 515, 516) A
51. (p. 515) D
52. (p. 516) A
53. (p. 515, 516) B
54. (p. 515) D
55. (p. 515, 516) A
56. (p. 515, 516) C
57. (p. 516) D
58. (p. 516) B
59. (p. 516) A
60. (p. 516) A
61. (p. 517) A
62. (p. 518) B
63. (p. 518) D
64. (p. 519) C
65. (p. 519) C
66. (p. 520) E
67. (p. 520) E
68. (p. 520, 521) E
69. (p. 521) E
70. (p. 524) C
71. (p. 524) A
72. (p. 524) E
73. (p. 524) D
74. (p. 525) C

75. (p. 525) C

76. (p. 525) D

77. (p. 525) B

78. (p. 526) C

79. (p. 525) E

80. (p. 525) C

81. (p. 525) D

82. (p. 525) D

83. (p. 525) C

84. (p. 526) B

85. (p. 526) A

86. (p. 526) E

87. (p. 526) D

88. (p. 526) C

89. (p. 526) B

90. (p. 526) C

91. (p. 526) A

92. (p. 527) B

93. (p. 527) A

94. (p. 506) TRUE

95. (p. 508) TRUE

96. (p. 509) FALSE

97. (p. 509) TRUE

98. (p. 509) TRUE

99. (p. 510) FALSE

100. (p. 510) TRUE

101. (p. 510) TRUE

102. (p. 510) FALSE

103. (p. 512) FALSE

104. (p. 512) TRUE

105. (p. 514) FALSE

106. (p. 514) TRUE

107. (p. 518) FALSE

108. (p. 515, 516) TRUE

109. (p. 515) TRUE

110. (p. 517) FALSE

111. (p. 517) TRUE

112. (p. 517) TRUE

113. (p. 517) FALSE

114. (p. 518) FALSE

115. (p. 521) TRUE

116. (p. 522) FALSE

117. (p. 524-525) TRUE

118. (p. 525) TRUE

International businesses are faced with a number of extra challenges in this area. These extra challenges result primarily from the fact that countries differ in terms of their cultures, customs, philosophies of management, compensation systems, etc. As a result, a firm must adjust its HRM program (to varying degrees) to be compatible with each country that it does business in. In addition, selecting expatriate managers is a challenge. An expatriate manager must have the technical skills necessary to do the job, along with a personal disposition and a family situation that is conducive to living in a foreign country for an extended period of time. The relatively high expatriate failure rate experienced by U.S. multinationals attests to the difficulty of this challenge. Finally, international businesses must decide how to structure their overseas operations, which involves determining the appropriate roles of parent country and host country management personnel.

119. (p. 508-510) Human resource management (HRM) refers to the activities an organization carries out to utilize its human resources effectively. These activities include staffing, training and management development, performance appraisal, compensation, labour relations, and determining the firm's human resources strategy. To maximize human resources effectiveness, all of these activities should be performed with the firm's overall strategy, goals, and objectives in mind.

A firm's staffing policy does relate to the overall global strategy it is trying to pursue (global strategy was covered in Chapter 11). Overall, an ethnocentric approach is compatible with an international strategy, a polycentric approach is compatible with a multidomestic strategy, and a geocentric approach is compatible with both global and transnational strategies. Large international businesses may pursue a combination of these strategies to achieve the optimal staffing policy/international strategy mix.

Geocentric Approach: A geocentric staffing policy tries to identify the best people available for management jobs, regardless of nationality. There are several advantages to this approach. First, it enables the firm to make the best personnel selections possible, without regard to nationality. In other words, a firm is not handcuffed in regard to who it can hire because of a candidate's nationality. Second, a geocentric policy enables the firm to build a cadre of international executives who feel at home working in a number of different cultures. This is a critical consideration if the firm has future international business expansion in mind. The multicultural composition of the management team that results from geocentric staffing tends to reduce cultural myopia and enhances local responsiveness.

Polycentric Approach: A polycentric staffing policy requires host country nationals to be recruited to manage foreign operations, while parent country nationals occupy key positions at corporate headquarters. The principal advantage of adopting a polycentric approach is that the firm is less likely to suffer from cultural myopia. Host country managers are unlikely to make the mistakes arising from cultural misunderstandings that expatriate managers are subject to. Another advantage of the polycentric approach is that it is less expensive than other approaches to implement. By hiring host country personnel to fill management positions, the firm will not incur a significant amount of expatriate expense.

120. (p. 510-513) **Ethnocentric Approach:** An ethnocentric staffing policy is one in which all key management positions are filled by parent country nationals. Firms pursue an ethnocentric staffing policy for three reasons. First, the firm may believe there is a lack of qualified individuals in the host country to fill senior management positions. Second, the firm may see an ethnocentric staffing policy as the best way to maintain a unified corporate culture. For instance, many Japanese firms prefer that their foreign operations be headed up by Japanese managers, because these managers will be intimately familiar with the firm's culture and values. Third, if the firm is trying to create value by transferring core competencies to a foreign operation, it may feel that the best way to do this is to transfer parent country nationals who have knowledge of that competency to the foreign operation.

Other HRM issues should be carefully designed to accommodate the complex issues involved in employing expatriate managers. These issues include performance appraisal and compensation. Firms should work hard to reduce bias in performance appraisals, by both parent company and host country supervisors. Compensation programs should be thoughtfully prepared to adequately compensate expatriate managers for overseas assignments.

Selecting expatriate managers is a challenge because an individual who takes an assignment in a foreign country must have both the technical skills necessary to do the job and the personality disposition and family situation conducive to living and working overseas. The success of an expatriate program begins with the proper "selection" of expatriate personnel. Mehdenhall and Oddou have identified four dimensions that seem to predict success in foreign postings: self-orientation, others-orientation, perceptual ability, and cultural toughness. These factors should be considered in expatriate selection. Expatriate selection should be followed by expatriate training and management development. The training should include cultural training, language training, and practical training focused on living in a foreign country. Expatriates should also be prepared for repatriation. Upon returning home, a former expatriate manager can find himself or herself without a clear job or career path if repatriation is not an ongoing consideration during the expatriate period.

121. (p. 513-514) An expatriate manager is a citizen of one country who is working abroad in one of his or her firm's subsidiaries. For example, if a manager for Disney (an American company) was moved from Orlando, Florida to Paris, France to work at Euro Disney, he or she would be an expatriate manager.

Management development programs are designed to increase the overall skill levels of managers through a mix of ongoing management education and rotations of managers through a number of jobs within the firm to give them varied experiences.

All of these initiatives can help build unity among the employees and the units of a firm, which may be particularly important for international businesses that have a number of disperse locations.

As a strategic tool, management development programs can play an important role in international businesses. These programs can help a firm build a corporate culture that is sensitive to international business issues. In addition, in house company training programs, workshops, and off-site training can foster a sense of unity among the employees as well as the development of technical skills. In addition, the introduction of company songs, uniforms, T-shirts, and other firm specific initiatives can help build a manager's identification with the company and company spirit.

122. (p. 517-518) Management development programs are designed to increase the overall potential of employees by providing them training and a variety of experiences. For instance, a management development program might involve regularly scheduled educational programs, training, workshops covering a wide range of issues, and a program of rotating employees through foreign assignments to provide them international experience.

123. (p. 517) Cultural training seeks to foster an appreciation for the host country's culture. The belief is that understanding a host country's culture will help the manager empathize with the culture, which will enhance his or her effectiveness in dealing with host-country nationals. It has been suggested that expatriates should receive training in the host country's culture, history, politics, economy, and so on. If possible, it is also advisable to arrange for a familiarization trip to the host country before the formal transfer, as this seems to ease culture shock. Given the problems related to spouse adaptation, it is important that the spouse, and perhaps the whole family, be included in cultural training programs.

Ask your students to comment on this issue. It provides an interesting forum for classroom discussion.

Consistent with this approach, the components of the typical expatriate compensation package are a base salary, a foreign service premium, allowances of various types, tax differentials, and benefits. In some cases, expatriates receive extra "hardship" allowances for living in a particularly difficult location. All together, an expatriate's compensation package may amount to three times what he or she would receive at home. Bear in mind, however, that the expatriate may be living and working in a difficult overseas assignment.

124. (p. 521-525) This question is designed to encourage classroom discussion and/or to encourage students to "think" about how expatriate managers should be compensated. The issue of expatriate compensation is a difficult one. Substantial differences exist in the compensation of executives at the same level in various countries. These differences raise the question: should a firm pay its expatriate managers the prevailing wage rate in the country that they are working in, or should a firm pay all of its expatriate managers at the same level of responsibility a similar amount of pay? There is no standard answer to this question. The most common approach to expatriate pay is the balance sheet approach. This approach equalizes purchasing power across countries so employees can enjoy the same standard of living in their foreign postings that they enjoyed at home. In addition, this approach provides financial incentives to offset qualitative differences between assignment locations.

With this in mind, a principle concern of domestic unions about multinational firms is that a company can counter their bargaining power with the power to move production to another country. Another concern is that international businesses will keep highly skilled tasks in its home country and farm out only low skilled tasks to foreign plants. A final concern arises when international businesses attempt to import employment practices and contractual agreements from its home country. When these practices are alien to the host country, organized labour fears the change will reduce its influence and power.

125. (p. 526-527) The principle role of labour unions is to try to get better pay, greater job security, and better working conditions for the members through collective bargaining with management. Unions' bargaining power is derived largely from their ability to threaten to disrupt production, either by strike or some other form of work protest. This threat is credible, however, only insofar as management has no alternative but to employ union labour.

126. (p. 524) The balance-sheet approach is a system designed to equalize the purchasing power of employees at comparable levels living overseas and in the home country, and to provide incentives to offset qualitative differences between assignment locations. The four elements of this approach are: (1) base pay, which should be equal to the domestic pay for a comparable job; (2) differentials, a cost-of-living-type adjustment generally computed from the Department of External Affairs; (3) incentives, an adjustment often at about 15 percent of base pay, used to compensate the expatriate for separation from his or her family and friends; and (4) assistance programs, used to cover costs of moving and storage as well as car and education expenses.

Bilateral Formulation of HR Policies: Some HR policies, such as those pertaining to wages, work hours, work rules, and benefits, must be consistent with the terms of the collective agreement. When formulating these policies, management should consult with the union to gain the union's acceptance of them, as well as its cooperation in administering them. Because unions are on the lookout for inconsistencies in the treatment of employees, a more centralized coordination in the enforcement of HR policies may be required. Such coordination provides a greater role for the HR staff. **Possible Dilution of Supervisory Authority:** The focal point of the union's impact is at the operating level, where supervisors administer the terms of the collective agreement. These terms can determine what corrective action is to be taken in directing and disciplining employees. When disciplining employees, supervisors must be certain they can demonstrate just cause, because these actions can be challenged by the union and the supervisor called as defendant during a grievance hearing. If the challenge is upheld, the supervisor's effectiveness in coping with subsequent disciplinary problems may be impaired.

127. (p. 526-528) The unionization of employees affects HRM in three key ways: **Challenges to Management Prerogatives:** Unions typically attempt to achieve greater participation in management decisions that affect their membership, particularly in the areas of subcontracting of work, productivity standards, and job content. Employers seek to claim many of these decisions as their exclusive management prerogatives-decisions about which management has exclusive rights. However, these prerogatives are subject to challenges and erosion by the union, whether at the bargaining table, through the grievance procedures, or through strikes.

Chapter 16 Summary

<u>Category</u>	<u># of Questions</u>
Difficulty: Easy	17
Difficulty: Hard	29
Difficulty: Medium	81
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