

Chapter 15 - International Human Resources Management

1. What is the main purpose of free trade agreements, such as NAFTA?
 - a. to facilitate the free movement of goods, services, capital, and people across borders
 - b. to help fight terrorism
 - c. to help the United Nations with its work
 - d. to increase tourism

ANSWER: a

2. What is the term used to refer to the religion, values and attitudes, politics, technology, education, and social organization of a nation?
 - a. ritual environment
 - b. general environment
 - c. task environment
 - d. cultural environment

ANSWER: d

3. BC Computers is a Canadian firm located in British Columbia. In this instance, what does Canada represent?
 - a. the adaptive country
 - b. the resource country
 - c. the host country
 - d. the receptive country

ANSWER: c

4. What do we call the country in which an international business operates?
 - a. the host country
 - b. the adaptive country
 - c. the resource country
 - d. the receptive country

ANSWER: a

5. A PEST analysis refers to an assessment of which of the following types of factors?
 - a. political, environmental, sociocultural, and technological
 - b. technological, political, sociocultural, and economic
 - c. environmental, social, political, and economic
 - d. political, economic, social, and technological

ANSWER: b

Chapter 15 - International Human Resources Management

6. UVW is an international firm with headquarters in Germany. Its operations in other parts of the world are fully autonomous. What type of firm is UVW?
- a. a transnational corporation
 - b. a global enterprise
 - c. a multidomestic corporation
 - d. an international corporation

ANSWER: c

7. Rand Computers is a mid-sized firm located in Toronto. As a result of personal connections, Rand Computers has started a division in Buffalo, New York. What type of corporation is Rand Computers?
- a. a multidomestic corporation
 - b. a global corporation
 - c. an international corporation
 - d. a transnational corporation

ANSWER: c

8. While IT Motors is located in China, it has allowed management in all of its international operations to make independent decisions on how they conduct business in their different environments. What kind of corporation is IT Motors?
- a. a multidomestic corporation
 - b. an international corporation
 - c. a global corporation
 - d. a transnational corporation

ANSWER: a

9. Think about a spider's web with the spider in the middle. In this scenario, the spider controls the web from the centre. What type of corporation does this web resemble the most?
- a. an international corporation
 - b. a multidomestic corporation
 - c. a global corporation
 - d. a transnational corporation

ANSWER: c

10. Some Japanese firms, such as Matsushita and NEC, tend to operate as domestic firms but see the whole world domestically—that is, as their market. What type of firms are these?
- a. transnational firms
 - b. multidomestic firms
 - c. international firms
 - d. global firms

ANSWER: d

Chapter 15 - International Human Resources Management

11. Which of the following organizations is pursuing a transnational strategy?
- a. a car company developing a “world” car to gain scale economies
 - b. a brewery trying to achieve scale economies while simultaneously customizing its taste and marketing efforts for local markets
 - c. a company producing customized fashions for multiple regions of the world
 - d. a steel company trying to simultaneously gain scale economies and increase the quality of its products

ANSWER: b

12. When an American multidomestic corporation hires a Canadian to work in its offices in India, what is this employee known as?
- a. a third-country national
 - b. a Canadian national
 - c. a home country national
 - d. a host-country national

ANSWER: a

13. Dimitri works as a compensation manager for IDL Inc., a multidomestic firm located in Nova Scotia. He has been posted to Brazil on an assignment. What type of employee is Dimitri?
- a. a host-country national
 - b. a third-country national
 - c. an international manager
 - d. a home-country national

ANSWER: d

14. Manuela is from Brazil. She was hired by a Canadian multinational corporation to work in its office in Rio (located in Brazil). What is Manuela referred to as?
- a. an expatriate
 - b. a third-country national
 - c. a host-country national
 - d. an international manager

ANSWER: c

15. Which of the following is the source of overseas employees that provides the advantages of less cost and greater facility in the language?
- a. home-country nationals
 - b. expatriates
 - c. third-country nationals
 - d. host-country nationals

ANSWER: d

Chapter 15 - International Human Resources Management

16. If Canadian company Bombardier transferred Karl Hammer, a native German, away from his assignment in Bonn, Germany, to a new assignment in Paris, France, Karl would then be considered which of the following?
- a host-country national
 - a home-host-country national
 - a third-country national
 - a home-country national

ANSWER: c

17. NBC Petroleum Corporation, a French firm, is now establishing a subsidiary in Bangladesh. This represents an early stage of international expansion for the company. What type of employees would NBC Petroleum most likely use?
- home-country nationals
 - third-country nationals
 - host-country nationals
 - expatriates

ANSWER: a

18. What is a key advantage of hiring home-country nationals for firms with international operations?
- They have better technical knowledge.
 - They are less costly than relocating expatriates.
 - They know more about the firm.
 - They have better chances of being promoted.

ANSWER: b

19. Under which of the following conditions would a firm continue to use expatriates in its international operations even after a few years?
- when the labour costs of expatriates increase
 - when local employees are fully trained
 - when it wants to send a signal that it values third-country nationals
 - when host-country nationals continue to experience difficulties with marketing the firm's products

ANSWER: d

20. Many farm workers come to Canada to work during the summer period. What is the name of the document issued by the government granting authority to these farm workers to seek employment in Canada?
- a short stay permit
 - an H2 visa
 - a work permit
 - a passport

ANSWER: c

Chapter 15 - International Human Resources Management

21. Heineken recently organized a group of individuals with specialized skills representing each major region within Europe. Which of the following is this group an example of?
- a. a transfunctional team
 - b. a multinational team
 - c. a multicultural team
 - d. a transnational team

ANSWER: d

22. To produce the Tata-Nano, one of the cheapest cars in the world, Tata Motors used teams from different countries to put together cheap and reliable parts. What is this type of team called?
- a. an international team
 - b. a transnational team
 - c. a product team
 - d. a third-country national team

ANSWER: b

23. IAM Inc. has operations in many countries. Recently, it used staff from four of these countries to work on a project. What type of team would this be?
- a. a transnational team
 - b. a global team
 - c. an integrated team
 - d. a borderless team

ANSWER: a

24. What was one of GE's recruitment problems when it first entered India?
- a. finding locals with good English language skills
 - b. not using family ties and friendship networks
 - c. reward systems that were culturally biased
 - d. understanding the transportation systems

ANSWER: b

25. According to the textbook, what is NOT an augmented skill that is critical for success abroad?
- a. technical skill
 - b. negotiation
 - c. decision-making
 - d. delegation

ANSWER: c

Chapter 15 - International Human Resources Management

26. Which of the following is a major reason for failure among expatriates?
- a. inability to cope with larger responsibilities
 - b. a manager's personality
 - c. a spouse's inability to adapt
 - d. distaste for travel

ANSWER: c

27. What is the first step in selecting individuals for an international assignment?
- a. self-selection
 - b. assessing core skills
 - c. assessing augmented skills
 - d. creating a candidate pool

ANSWER: a

28. Which of the following best describes cultural conditioning?
- a. It does not include the formal education or training a person receives.
 - b. It influences the attitudes, behaviours, and reactions of both workers and their managers.
 - c. It has little impact on international HRM.
 - d. It helps people react positively to tastes and behaviours similar to their own.

ANSWER: b

29. According to the textbook, which of the following is NOT one of the five essential components of training and development programs for employees going on international assignments?
- a. expatriation
 - b. repatriation
 - c. language training
 - d. managing personal and family life

ANSWER: a

30. Compared to North American managers, what kind of decision-making style do South American managers tend to use in the workplace?
- a. a more participatory style
 - b. a more democratic style
 - c. a more inclusionary style
 - d. a more autocratic style

ANSWER: d

Chapter 15 - International Human Resources Management

31. Compared to Canadian managers, what kind of decision-making style do Japanese managers tend to use in the workplace?
- a more participatory style
 - a more decentralized style
 - a more autocratic style
 - about the same style

ANSWER: a

32. Avinash, a Canadian who was sent on an international assignment to Brazil, experienced severe disorientation that caused perpetual stress during his posting. What was Avinash most likely experiencing?
- dietary problems
 - lack of work-life balance
 - organizational disorientation
 - culture shock

ANSWER: d

33. What is repatriation?
- a process to train expatriates prior to their first international assignment
 - adaptation of leadership and decision-making styles to the host country
 - a process to help employees make the transition back home
 - the ability of employees to settle in their international assignments

ANSWER: c

34. What is most likely to happen when companies fail to use the knowledge, skills, and understanding that expatriate managers acquire in international assignments?
- Language training is viewed as unnecessary.
 - The expatriates often take lower-level jobs upon return or leave the company.
 - Repatriation is no longer recommended.
 - Home-country nationals are used more often in favour of expatriates.

ANSWER: b

35. ABC Inc., a firm located in Tokyo, Japan, is likely to emphasize which of the following in its pay system?
- nonfinancial incentives
 - weekly or monthly salary guarantees
 - internal equity and personal needs
 - individual performance

ANSWER: c

Chapter 15 - International Human Resources Management

36. In designing compensation systems, what does the philosophy of “thinking globally and acting locally” mean?
- Expatriates should be rewarded primarily for their local actions.
 - Pay plans should be originated at the local level but global organizational issues should be considered in pay plan development.
 - Expatriates should be rewarded for their local actions as well as their performance that impacts the entire organization.
 - Pay plans should be designed to support the overall strategic intent of the organization and also provide enough flexibility to customize certain policies to meet the needs of employees in specific locations.

ANSWER: d

37. What is a global compensation system?
- a system where employees for a multinational firm in different countries are paid exactly the same
 - a system where host-country employees are paid similarly to employees in the home country
 - a system where expatriates are paid at the global rates for their services
 - a system where expatriates enjoy the balance-sheet approach to their pay

ANSWER: b

38. What is evident when you compare wages and benefits for employees in European countries such as Norway and Denmark to employees in North America?
- There are higher wages and benefits in Europe.
 - There are lower wages and better benefits in North America.
 - There are higher wages but lower benefits in North America.
 - There are higher wages and benefits in North America.

ANSWER: a

39. What is the key purpose of the balance-sheet approach to compensating expatriate managers?
- to enhance the skills of the expatriate
 - to ensure that the expatriate does not lose financially in his or her international assignment
 - to balance the social costs of the assignment
 - to ensure that there is work–life balance

ANSWER: b

40. In using the balance-sheet approach to compensating expatriate managers, the term “incentive premiums” refers to which of the following concepts?
- extra money for enduring the culture shock
 - offsetting the higher costs of overseas goods and services
 - compensating the managers for separation from family and friends and doing hazardous duty
 - covering moving, storage, and educational expenses

ANSWER: c

Chapter 15 - International Human Resources Management

41. Expatriates can be compensated for their services in several ways. At one end, their pay can be based on their earnings in the home country. What is at the other end of expatriate pay?
- host-based pay
 - skill-based pay
 - balance-sheet pay
 - third-country-based pay

ANSWER: a

42. Which type of expatriate pay system is localization associated with?
- the balance-sheet approach
 - host-based pay
 - the global pay system
 - performance-based pay

ANSWER: b

43. Which of the following is a common problem with performance appraisals of international assignees?
- criterion deficiency
 - criterion contamination
 - lack of inter-rater reliability
 - lack of validity

ANSWER: a

44. What is the specialized agency of the United Nations that promotes the rights of workers?
- the International Labour Organization
 - the World Trade Organization
 - the Centre for Labour Standards
 - the Security Council

ANSWER: a

45. The International Labour Organization has set itself an agenda—called the “Decent Work Agenda.” What is the main purpose behind this move?
- to push globalization
 - to illustrate the decency embedded in international work
 - to highlight the ethical dimension of work
 - to chart laws for international firms

ANSWER: c

Chapter 15 - International Human Resources Management

46. In many European countries, including Germany, a very high level of worker participation can be found, where national law requires that labour be part of, for instance, the boards of directors of companies. What is this participative arrangement called?
- socialism
 - codetermination
 - quality circles
 - bipartite participation

ANSWER: b

47. In some countries, such as India, profit sharing is mandated by law. Thus, companies have to distribute some of their profits to the employees. What is the key reason for this requirement?
- These countries are corrupt, and thus they require foreign firms to bribe the workers.
 - This is a requirement for all new foreign investments, as mandated by the United Nations.
 - It is done to punish these companies for colonialism.
 - It allows for a redistribution of wealth at the firm level.

ANSWER: d

Scenario 15.1

From 2008, ForEx Inc. has shifted some of its operations to China and Malaysia, where production costs are considerably lower compared to Canada. Since then, 35 managers have been sent to those countries either on short- or long-term assignments to head up operations, conduct training and development, or just to oversee specific projects. Of the 35 managers only five were women, even though women make up 40 percent of the management team. Expatriates on long-term assignments are given financial incentives to offset any qualitative differences between the costs of living in the two locations.

48. Refer to Scenario 15.1. Based on material in the text, which of the following would be an inaccurate assumption by ForEx for its women expatriates?
- They will fail at higher rates than men because of the tough conditions.
 - They will be subject to more sexual assaults than their male counterparts.
 - They are visible and distinctive and may even receive special treatment not given to their male colleagues.
 - Locals assume the company would not have sent a woman unless she was the very best.

ANSWER: a

49. Refer to Scenario 15.1. All of the following represent important information that they will need to know and understand EXCEPT which one?
- the pay structure of the organization abroad
 - the country where they are going
 - the culture of the country where they are going
 - the history, values, and dynamics of their own organization

ANSWER: a

Chapter 15 - International Human Resources Management

50. Refer to Scenario 15.1. While overseas assignments can be very rewarding, it is also important to ensure that the feeling continues after repatriation. Which of the following is NOT true?
- Thirty-six percent of Canadian companies have a repatriation plan.
 - One-third of Canadian companies have programs to facilitate appropriate career positions on repatriation.
 - Fifty percent of Canadian companies provide this assistance after repatriation.
 - One-fifth of Canadian companies start planning for repatriation even before the candidate leaves

ANSWER: c

51. Refer to Scenario 15.1. Assume that ForEx will use the balance-sheet approach to compensate expatriates. Which of the following is NOT one of the steps in this approach?
- add incentive premiums
 - figure cost-of-living adjustment
 - add assistance programs
 - calculate commission pay

ANSWER: d

Scenario 15.2

Coffee Emporium has been one of Canada's premium coffee shops for decades. Recently, the company has been losing market share to giant multinational corporations such as McDonald's, which has now moved into the coffee business with its signature McCafe. Coffee Emporium recognizes that the only way to stay relevant and competitive is to expand its business across international borders and capitalize on its brand recognition and loyalty. The company wants to start off in the United States (US) and the United Kingdom (UK), where the cultures are somewhat similar to Canada's. Coffee Emporium will now be adapting its existing products for overseas markets without changing much else about its normal operations.

52. Refer to Scenario 15.2. If Coffee Emporium expands its business across the United States to begin with, what type of corporation would it become?
- a multinational corporation
 - a transnational corporation
 - a global corporation
 - an international corporation

ANSWER: d

53. Refer to Scenario 15.2. Coffee Emporium HR managers will be responsible for staffing the international expansions. Which of the following is used for staffing by most corporations?
- home-country nationals
 - host-country nationals
 - a combination of home-country, host-country, and third-country nationals
 - third-country nationals

ANSWER: c

Chapter 15 - International Human Resources Management

54. Refer to Scenario 15.2. All of the following are advantages of Coffee Emporium hiring host-country nationals EXCEPT which one?
- a. It is generally more costly than relocating expatriates.
 - b. Locals have more experience running the business.
 - c. Customers want to do business with companies/people they perceive to be local.
 - d. Local citizens also know the cultural and political landscape of the country.

ANSWER: a

55. Canadian companies have been conducting business on an international basis longer than anyone else.
- a. True
 - b. False

ANSWER: False

56. The European Union (EU) was established to facilitate free trade with North America.
- a. True
 - b. False

ANSWER: False

57. NAFTA has spurred job growth in all three member countries.
- a. True
 - b. False

ANSWER: True

58. The host country is the country in which an international business operates.
- a. True
 - b. False

ANSWER: True

59. Different cultural environments require different organizational behaviours.
- a. True
 - b. False

ANSWER: True

60. A multidomestic corporation is essentially a domestic firm that builds on its existing capabilities to penetrate overseas markets.
- a. True
 - b. False

ANSWER: False

Chapter 15 - International Human Resources Management

61. A Canadian firm with fully autonomous operating units in Korea, Spain, and Sweden would be classified as a multidomestic corporation.

- a. True
- b. False

ANSWER: True

62. Subsidiaries of multidomestic corporations are usually run as independent companies.

- a. True
- b. False

ANSWER: True

63. A global corporation has fully autonomous units operating in multiple countries.

- a. True
- b. False

ANSWER: False

64. International HRM is virtually identical to domestic HRM.

- a. True
- b. False

ANSWER: False

65. An advantage of home country nationals is that they have intimate knowledge of the environment and culture.

- a. True
- b. False

ANSWER: False

66. At early stages of international expansion, many organizations prefer to use host-country nationals.

- a. True
- b. False

ANSWER: False

67. The source of overseas employees that provides the advantages of less cost and greater facility in the language is host-country nationals.

- a. True
- b. False

ANSWER: True

Chapter 15 - International Human Resources Management

68. One reason to employ host-country nationals is that local governments want good jobs for their citizens.
- a. True
 - b. False

ANSWER: True

69. In general, it is typically better to hire host-country nationals when operating abroad because it is less expensive, it pleases the local government, and it eliminates the problem of employees adjusting to the culture.
- a. True
 - b. False

ANSWER: True

70. A work permit or work certificate allows a foreign individual to seek employment in another country.
- a. True
 - b. False

ANSWER: True

71. Multinational corporations tend to use different kinds of external recruitment sources than are used in their home countries.
- a. True
 - b. False

ANSWER: False

72. The employment of guest workers may result in indirect costs that may be substantial.
- a. True
 - b. False

ANSWER: True

73. Transnational teams are composed of members from multiple nationalities working on projects that span multiple countries.
- a. True
 - b. False

ANSWER: True

74. Some of the advantages of using home-country nationals for overseas managerial assignments are that the talent is already available within the organization and that the organization can have greater control.
- a. True
 - b. False

ANSWER: True

Chapter 15 - International Human Resources Management

75. Global managers must be capable of managing highly decentralized organizations.

- a. True
- b. False

ANSWER: True

76. The first step in selecting expatriates should be self-selection, where employees who volunteer to go abroad are given the chance to do so.

- a. True
- b. False

ANSWER: True

77. If an organization wanted to decrease the failure rate of its expatriates, one good strategy would be to give more women international assignments.

- a. True
- b. False

ANSWER: True

78. Women expatriates are thought to succeed in part because they are visible and distinctive.

- a. True
- b. False

ANSWER: True

79. One of the biggest causes of expatriate failure is a spouse's inability to adjust to his or her new surroundings.

- a. True
- b. False

ANSWER: True

80. The failure of expatriate assignments is usually due to technical or managerial concerns.

- a. True
- b. False

ANSWER: False

81. Lack of training is one of the principal causes of failure among employees working internationally.

- a. True
- b. False

ANSWER: True

Chapter 15 - International Human Resources Management

82. Production manager Jim McIntyre has been successful in his Canadian assignment using a participative management style. If he uses this same style in some other countries, he may be regarded as an incompetent manager.

- a. True
- b. False

ANSWER: True

83. Learning how people think and act in their relations with others is a part of cultural training that prepares employees for working internationally.

- a. True
- b. False

ANSWER: True

84. English is almost universally accepted as the language for international business.

- a. True
- b. False

ANSWER: True

85. Expressions such as “tabling a subject” and “it is inconvenient” may have meanings in other cultures that are very different from their North American meanings.

- a. True
- b. False

ANSWER: True

86. Managers’ attitudes and behaviours are influenced by the society in which they received their education and training.

- a. True
- b. False

ANSWER: True

87. Managers in Latin American countries can encourage performance by using personal influence and working through individual members of a group.

- a. True
- b. False

ANSWER: True

88. North American managers tend to have highly autocratic decision-making styles.

- a. True
- b. False

ANSWER: False

Chapter 15 - International Human Resources Management

89. Culture shock refers to the disorientation people experience adjusting to a new culture.

- a. True
- b. False

ANSWER: True

90. Repatriation refers to the training a manager receives before taking an international assignment.

- a. True
- b. False

ANSWER: False

91. Repatriation is usually a planned and positive experience for employees returning from an international assignment.

- a. True
- b. False

ANSWER: False

92. Pay plans in Japan tend to focus on individual performance and achievement.

- a. True
- b. False

ANSWER: False

93. Cultural differences have little impact on international compensation.

- a. True
- b. False

ANSWER: False

94. Employee benefits in Canada are among the highest in the world.

- a. True
- b. False

ANSWER: False

95. The balance-sheet approach to compensation refers to designing pay systems that equalize the purchasing power of employees at comparable position levels living overseas and in the home country.

- a. True
- b. False

ANSWER: True

96. Performance evaluations of expatriates should occur in both the home and the host countries.

- a. True
- b. False

ANSWER: True

Chapter 15 - International Human Resources Management

97. In appraising the performance of an employee on an international assignment, many appraisers resort to using criteria that are easy to measure rather than criteria that capture all responsibilities.

- a. True
- b. False

ANSWER: True

98. China has only one union.

- a. True
- b. False

ANSWER: True

99. Expatriates should not be expected to evaluate their own performance.

- a. True
- b. False

ANSWER: False

100. In some countries, unions are part of alliances between political parties, churches, or governments.

- a. True
- b. False

ANSWER: True

101. In Europe, most union negotiations occur at the company level.

- a. True
- b. False

ANSWER: False

102. Only 20 percent of people globally are covered by any sort of social insurance programs.

- a. True
- b. False

ANSWER: True

103. The International Labour Organization enforces international labour standards.

- a. True
- b. False

ANSWER: False

104. Codetermination refers to the training an expatriate manager receives before an international assignment.

- a. True
- b. False

ANSWER: False

Chapter 15 - International Human Resources Management

105. What are the primary differences among international, multinational, global, and transnational corporations?

ANSWER: The international corporation is essentially a domestic firm that builds on its existing capabilities to penetrate overseas markets. A multidomestic corporation (MDC) is a more complex form that usually has fully autonomous units operating in multiple countries. The global corporation can be viewed as a multinational firm that maintains control of operations back in the home office. Finally, a transnational corporation attempts to achieve the local responsiveness of an MDC while also achieving the efficiencies of a global firm through the use of a network structure that coordinates specialized facilities positioned around the world.

106. A multidomestic corporation (MDC) has three basic sources to use when staffing its foreign operation. Name the three sources of overseas managers and state advantages and disadvantages of each.

ANSWER: Host-country nationals cost less to place, are preferred by the local governments, know the language, and have an excellent knowledge of and feel for the local/national environment. However, host-country nationals must have the managerial ability and technical skills the MDC needs.

Home-country nationals, known as expatriates, are already known quantities within the MDC. The MDC expects to have greater control over them, since they have provided the expatriates with work experiences. Offering mobility and international experience is often desirable to the MDC and the manager. However, the cost of relocation is extremely high, expatriates or their families may not adjust well, and many expatriates fear they will be passed over for promotions when they return.

Third-country nationals, who are from one country, are working for an MDC located in a second, and are now assigned to yet a third country, bring a very broad experience and background to foreign assignments. They have an international outlook and are multilingual. However, their cost of relocation might be as high as an expatriate's. Further, unless operating within their own "zone," they may not bring with them any of the advantages a host-country national would offer.

107. Define and describe the balance-sheet approach used by many multinational corporations to calculate the compensation they wish to offer to their expatriates.

ANSWER: 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 U.S. Department of State data; (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.