

***Human Resource Management, 15e (Dessler)***  
**Chapter 17 Managing Global Human Resources**

1) Which of the following terms refers to the human resource management concepts and techniques employers use to manage the challenges of their international operations?

- A) work councils
- B) international human resource management
- C) power distance
- D) codetermination

Answer: B

Explanation: B) International human resource management is the human resource management concepts and techniques employers use to manage the human resource challenges of their international operations.

Difficulty: Moderate

Chapter: 17

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 17.1 List the HR challenges of international business.

2) International human resource management (IHRM) focuses on three main topics. Which of the following is NOT one of them?

- A) comparing human resource management practices
- B) managing human resources in global companies
- C) domestic company partnerships
- D) managing expatriate employees

Answer: C

Explanation: C) Comparing human resource management practices, managing human resources in global companies, and managing expatriate employees are the main topics of IHRM.

Difficulty: Hard

Chapter: 17

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 17.1 List the HR challenges of international business.

3) The most significant HR challenge faced by international firms is the language barrier.

Answer: FALSE

Explanation: Vast distances increase the challenges for an international firm. However, language is not necessarily the biggest issue. Cultural, political, legal, and economic differences among countries create challenges for global firms.

Difficulty: Easy

Chapter: 17

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 17.1 List the HR challenges of international business.

4) International human resource management (IHRM) is the human resource management concepts and techniques employers use to manage the human resource challenges of their international operations.

Answer: TRUE

Explanation: International human resource management (IHRM) is the human resource management concepts and techniques employers use to manage the human resource challenges of their international operations.

Difficulty: Easy

Chapter: 17

Objective: 1

AACSB: Analytical Thinking

Learning Outcome: 17.1 List the HR challenges of international business.

5) Geert Hofstede called the extent to which less powerful members of institutions accept and expect an unequal power distribution \_\_\_\_\_.

A) masculinity

B) individualism

C) power distance

D) tolerance for ambiguity

Answer: C

Explanation: C) A study by Professor Geert Hofstede identified international cultural differences. For example, Hofstede says societies differ in power distance, which is the extent to which the less powerful members of institutions accept and expect an unequal distribution of power.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

6) According to research, which of the following is a greater concern to Chinese managers than United States managers?

A) getting tasks accomplished efficiently

B) keeping a distance from subordinates

C) enforcing a firm's policies and regulations

D) maintaining a harmonious work environment

Answer: D

Explanation: D) Although many managers endorse performance-based pay in China, other employers, to preserve group harmony, make incentive pay a small part of the pay package. And, as in other parts of Asia, team incentives are advisable.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

7) In which country do individuals have a high acceptance of unequal power distribution between managers and subordinates?

- A) Mexico
- B) Hong Kong
- C) Sweden
- D) United States

Answer: A

Explanation: A) Power distance represents the extent to which the less powerful members of institutions accept and expect an unequal distribution of power. Studies show that acceptance of such inequality is higher in some countries (such as Mexico) than in others (such as Sweden). Mexican workers expect managers to keep their distance rather than to be close, and to be formal rather than informal.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

8) Of the countries listed below, in which one do production workers receive the lowest hourly wage?

- A) United States
- B) Philippines
- C) Germany
- D) Taiwan

Answer: B

Explanation: B) Hourly compensation costs (in U.S. dollars) for production workers range from \$2.01 in the Philippines to \$9.34 in Taiwan, \$35.53 in the United States, \$47.38 in Germany, to \$64.15 in Norway.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

9) \_\_\_\_\_ are formal, employee-elected groups of worker representatives that meet monthly with managers to discuss topics affecting the employees.

- A) Bargaining units
- B) Work councils
- C) Mediation groups
- D) Employee boards

Answer: B

Explanation: B) In many European countries, work councils replace the worker-management mediations typical in U.S. firms. Work councils are formal, employee-elected groups of worker representatives that meet monthly with managers to discuss topics ranging from no-smoking policies to layoffs.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

10) In many European countries, \_\_\_\_\_ replace the union-based worker-management mediations typical in the U.S.

- A) HR managers
- B) corporate attorneys
- C) work councils
- D) bargaining units

Answer: C

Explanation: C) In many European countries, work councils replace the worker-management mediations typical in U.S. firms. Work councils are formal, employee-elected groups of worker representatives that meet monthly with managers to discuss topics ranging from no-smoking policies to layoffs.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

11) In Germany, employees have the legal right to a voice in setting company policies. This is called \_\_\_\_\_.

- A) codetermination
- B) employment at will
- C) internal coordination
- D) gainsharing

Answer: A

Explanation: A) Codetermination is the rule in Germany and several other countries. Codetermination means employees have the legal right to a voice in setting company policies.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

12) The European Union is best described as a \_\_\_\_\_.

- A) system of global standards, policies, and legislation
- B) common market for goods, services, capital, and labor
- C) political agreement that standardizes human resource laws
- D) political system for equalizing wages, benefits, and taxation

Answer: B

Explanation: B) The separate countries of the former European Community unified into a common market for goods, services, capital, and even labor called the European Union (EU). Tariffs for goods moving across borders from one EU country to another generally disappeared, and employees now move freely between jobs in EU countries.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

13) Which of the following is a true statement regarding the European Union?

- A) EU employers must provide employees with written terms of their employment.
- B) EU employers must provide two weeks' notice when dismissing employees.
- C) Each EU country pays workers the same minimum hourly wage.
- D) Workers in the EU must live and work in their home country.

Answer: A

Explanation: A) The EU directive on confirmation of employment requires employers to provide employees with written terms and conditions of their employment. Each country determines the amount of notice to give employees, working hours, and wage rate. Workers may move freely between jobs in EU countries.

Difficulty: Hard

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

14) Why is recruiting, hiring, and retaining good employees difficult in China?

- A) economic difficulties
- B) unmotivated workers
- C) government restrictions
- D) training requirements

Answer: C

Explanation: C) China's new labor contract law adds numerous new employment protections for employees, and makes it correspondingly more expensive for employers in China to implement personnel actions such as layoffs.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

15) In China, qualified job candidates are most likely to be interested in a firm that offers

- \_\_\_\_\_.
- A) signing bonuses
  - B) performance-based pay
  - C) job expansion opportunities
  - D) training and development programs

Answer: D

Explanation: D) Employees are highly career oriented and gravitate toward employers that provide the best career advancement training and opportunities. Group harmony is important in China, so incentive pay is not advisable.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

16) Daniel is a manager for Siemens China, and it is time to conduct performance appraisals. During the appraisals, it would be most effective for Daniel to \_\_\_\_\_.

- A) link performance with employee bonuses
- B) make personal comments to the employee
- C) focus on quantifiable, objective results
- D) post appraisal results for each team

Answer: C

Explanation: C) Employee appraisal is particularly sensitive to the cultural realities in China. The appraisal therefore needs to follow the formalities of saving face and avoiding confrontational, tension-producing situations. In general, it's best to talk in terms of objective work data (as opposed to personal comments like "you're too slow").

Difficulty: Hard

Chapter: 17

Objective: 2

AACSB: Application of Knowledge

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

17) A major challenge for international businesses is the need to adapt personnel policies and procedures to the differences among countries.

Answer: TRUE

Explanation: Taking the company global triggers various management challenges, including how to adapt personnel policies and procedures to various cultures and countries. Human resource management must also consider its systems for recruiting, selecting, training, and appraising and compensating its workers abroad.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

18) Codetermination means that employees have a legal right to voice opinions and preferences in setting company policies.

Answer: TRUE

Explanation: Codetermination means employees have the legal right to a voice in setting company policies. Workers elect their own representatives to the supervisory board of the employer.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

19) Hourly wages for production workers in the United States are higher than those in Germany.

Answer: FALSE

Explanation: Differences in labor costs are substantial. For example, hourly compensation costs for production workers range from \$2.01 in the Philippines, to \$9.34 in Taiwan, \$35.53 in the United States, \$47.38 in Germany, to \$64.15 in Norway.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

20) The official length of a work week in the European Union is 40 hours.

Answer: FALSE

Explanation: The EU sets the workweek at 48 hours, but most EU countries set it at 40 hours a week.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

21) In China, a structured interview process is the typical method for selecting employees.

Answer: TRUE

Explanation: The dominant employee selection method in China involves analyzing the applicant's résumé and then interviewing him or her. The ideal way to do this is to institute a structured interview process, as many of the foreign firms in China have done.

Difficulty: Easy

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

22) In a planned economy, such as China, some industries are under the direct control of the government while other industries are free to make pricing and production decisions based on market demand.

Answer: FALSE

Explanation: In planned economies (such as North Korea), the government decides and plans what to produce and sell, at what price. In mixed economies (such as China), many industries are still under direct government control, while others make pricing and production decisions based on market demand.

Difficulty: Moderate

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.

23) In a brief essay, discuss the economic and labor relations factors that are unique to Europe.

Answer: Differences in economic systems also translate into differences in human resource management policies. For instance, some countries in the Euro zone tend to put more restrictions on the number of hours an employee can legally work each week. Differences in labor costs are also substantial. Hourly compensation costs for production workers vary as well. Several European countries, including the United Kingdom and Germany, require substantial severance pay to departing employees. The U.S. practice of employment at will does not exist in Europe, where firing or laying off workers is usually expensive. And in many European countries, work councils replace the worker-management mediations typical in U.S. firms. Codetermination is the rule in Germany and several other countries. Unions in Europe are influential, and labor-management bargaining and relations reflect this fact. In general, four issues characterize European labor relations: centralization, employer organization, union recognition, and content and scope of bargaining.

Difficulty: Hard

Chapter: 17

Objective: 2

AACSB: Analytical Thinking

Learning Outcome: 17.2 Illustrate with examples how intercountry differences affect HRM.



24) \_\_\_\_\_ are citizens of the countries where they are working.

- A) Home-country nationals
- B) Multi-nationals
- C) Expatriates
- D) Locals

Answer: D

Explanation: D) Locals are citizens of the countries where they are working. Expatriates are non-citizens of the countries in which they are working. Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

25) Of the types of international workers that multinational companies can employ, locals are best described as \_\_\_\_\_.

- A) citizens of the countries where they are working
- B) noncitizens of the countries in which they are working
- C) citizens of the country in which the multinational company has its headquarters
- D) noncitizens of the country in which the multinational company has its headquarters

Answer: A

Explanation: A) Locals are citizens of the countries where they are working. Expatriates are non-citizens of the countries in which they are working. Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

26) Marie is an Italian executive working in a manufacturing plant in Siena, Italy that is owned by a parent company based in Singapore. Marie is a(n) \_\_\_\_\_.

- A) local
- B) expatriate
- C) third-country national
- D) home-country national

Answer: A

Explanation: A) Locals are citizens of the countries where they are working. Expatriates are non-citizens of the countries in which they are working. Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

27) Jason is a British freelance journalist working in Paris, so he is most likely classified as a(n) \_\_\_\_\_.

- A) local
- B) expatriate
- C) third-country national
- D) home-country national

Answer: B

Explanation: B) Expatriates are non-citizens of the countries in which they are working. Locals are citizens of the countries where they are working. Home-country nationals are citizens of the country in which the multinational company has its headquarters. Third-country nationals are citizens of a country other than the parent or the host country.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

28) \_\_\_\_\_ are noncitizens of the countries in which they are working.

- A) Home-country nationals
- B) Third-country nationals
- C) Expatriates
- D) Locals

Answer: C

Explanation: C) Expatriates are non-citizens of the countries in which they are working. Locals are citizens of the countries where they are working. Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

29) In January 2009, Walmart acquired a controlling interest in Chile's leading food retailer. Since then, Walmart has opened the first environmentally friendly supermarket in Chile that uses energy efficient technology throughout the store. Walmart is planning to open additional stores in Chile over the next seven years. Walmart's top executives are considering the idea of transferring U.S. managers to Chile to oversee the construction and establishment of the new stores.

Which of the following questions is LEAST relevant to the decision to fill management positions in Chile with expatriates?

- A) What will be the relocation and compensation costs to Walmart of using expatriates?
- B) What level of corporate control is needed for opening the new Walmart stores?
- C) What is the planned Walmart marketing strategy for the new stores in Chile?
- D) What is the typical attrition rate for expatriate employees at Walmart?

Answer: C

Explanation: C) Marketing strategy is irrelevant to a staffing decision. Costs, corporate control, and attrition rates are important aspects to consider when debating between filling management positions with locals or expatriates.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

30) Which of the following terms refers to citizens of a country other than the parent or the host country?

- A) third-country national
- B) home-country national
- C) multi-national
- D) local

Answer: A

Explanation: A) Third-country nationals are citizens of a country other than the parent or the host country. Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

31) Peter is a German citizen working as a manager for Siemens in Freiberg, Germany. Siemens has facilities all over the world but its headquarters is in Germany. Peter is best categorized as a(n) \_\_\_\_\_.

- A) expatriate
- B) third-country national
- C) home-country national
- D) host-country national

Answer: C

Explanation: C) Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

32) Which of the following terms refers to citizens of the country in which the multinational company has its headquarters?

- A) expatriates
- B) third-country nationals
- C) home-country nationals
- D) locals

Answer: C

Explanation: C) Home-country nationals are citizens of the country in which the multinational company has its headquarters.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

33) Roberta is an Italian citizen who spent a great deal of time during her childhood in England. She now works in Brazil as an HR manager for a British company. Roberta is best described as a(n) \_\_\_\_\_.

- A) expatriate
- B) third-country national
- C) home-country national
- D) host-country national

Answer: B

Explanation: B) Third-country nationals are citizens of a country other than the parent or the host country.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

34) In January 2009, Walmart acquired a controlling interest in Chile's leading food retailer. Since then, Walmart has opened the first environmentally friendly supermarket in Chile that uses energy efficient technology throughout the store. Walmart is planning to open additional stores in Chile over the next seven years. Walmart's top executives are considering the idea of transferring U.S. managers to Chile to oversee the construction and establishment of the new stores.

Which of the following, if true, supports the argument that locals should be hired to fill management positions in Chile?

- A) Chile has a high percentage of younger workers with college degrees.
- B) Managers in Chile are expected to keep their distance from subordinates.
- C) Chile has had an increase in foreign direct investment over the last five years.
- D) Chileans expect managers and subordinates to interact in a highly informal manner.

Answer: A

Explanation: A) A high number of skilled and educated locals suggests that Walmart would be able to find competent managers in Chile. The interaction between managers and subordinates does not necessarily explain why locals should be hired as managers instead of expatriates.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

35) Which of the following is the primary disadvantage of using expatriates to fill foreign subsidiary management positions?

- A) high costs associated with relocation
- B) time and effort required for training
- C) inability to create short-term results
- D) security concerns

Answer: A

Explanation: A) The cost of posting someone abroad is very high due to travel, relocation, housing, and salary.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

36) All of the following are reasons that firms rely heavily on locals to fill foreign subsidiary management positions EXCEPT \_\_\_\_\_.

- A) pressure from local government
- B) lower costs than using expatriates
- C) improved public relations in community
- D) high level of skills and technical qualifications

Answer: D

Explanation: D) The cost of using expatriates is a key reason that firms use locals. Local governments often pressure firms to use locals, and doing so improves the firm's PR in the community. The drawback of locals is that they likely do not have the necessary technical qualifications and require extensive training.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

37) In January 2009, Walmart acquired a controlling interest in Chile's leading food retailer. Since then, Walmart has opened the first environmentally friendly supermarket in Chile that uses energy efficient technology throughout the store. Walmart is planning to open additional stores in Chile over the next seven years. Walmart's top executives are considering the idea of transferring U.S. managers to Chile to oversee the construction and establishment of the new stores.

Which of the following, if true, best supports the argument of using expatriates to establish the new Walmart stores in Chile?

- A) Local candidates with the necessary managerial experience are difficult to find in Chile.
- B) Walmart uses an online recruiting system to facilitate human resources activities.
- C) The State Department has issued travel alerts for Americans traveling in Chile.
- D) Walmart wants to develop good relationships with the local community.

Answer: A

Explanation: A) The primary reason to use expatriates instead of locals is when qualified local candidates cannot be found. Hiring locals instead of expatriates would most likely help improve community relations.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

38) Sara, who is originally from India, works in Texas for Dell as an IT manager. Dell, which has a localization policy, recently announced that management positions are available in its Bangalore, India facility. If Sara, who wants to return to India, is offered the Bangalore position, she would most likely be categorized as a(n) \_\_\_\_\_.

- A) commuter employee
- B) independent contractor
- C) third-country national
- D) permanent transferee

Answer: D

Explanation: D) About 78% of employers have some form of "localization" policy. This is a policy of transferring a home-country national employee to a foreign subsidiary as a "permanent transferee." In this case, Sara is a U.S. Dell employee originally from India. If she moves back she would be a permanent transferee.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

39) Which of the following terms refers to having local employees abroad do jobs that the firm's domestic employees previously did in-house?

- A) adapting
- B) offshoring
- C) enlarging
- D) diversifying

Answer: B

Explanation: B) Offshoring means having local employees abroad do jobs that the firm's domestic employees previously did in-house. Offshoring is an increasingly popular staffing option.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.



40) Call centers that service customers for firms like software and computer hardware companies are increasingly using employees in India to staff the telephones. This is an example of \_\_\_\_\_.

- A) outsourcing
- B) offshoring
- C) downsizing
- D) international staffing

Answer: B

Explanation: B) Offshoring means having local employees abroad do jobs that the firm's domestic employees previously did in-house. Offshoring is a popular staffing option, especially for call centers.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

41) Which of the following corporate divisions plays the greatest role in offshoring?

- A) marketing
- B) accounting
- C) manufacturing
- D) human resources

Answer: D

Explanation: D) When developing foreign markets or opening new manufacturing facilities, marketing, sales, and production executives play the pivotal roles. Offshoring mostly involves HR management as firms seek to gain cost advantages. Firms look to their HR managers to help identify high-quality, low-cost talent abroad, and to provide the necessary information on skills, foreign wage rates, and working conditions.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

42) Which of the following terms refers to the belief that home country attitudes, management style, knowledge, evaluation criteria, and managers are superior to anything the host country has to offer?

- A) polycentric
- B) ethnocentric
- C) geocentric
- D) monocentric

Answer: B

Explanation: B) An ethnocentric corporation believes that home-country attitudes, management style, knowledge, evaluation criteria, and managers are superior to anything the host country might have to offer.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

43) A corporation that believes that only host country managers can ever really understand the culture and behavior of the host country market would be referred to as \_\_\_\_\_.

- A) polycentric
- B) ethnocentric
- C) geocentric
- D) monocentric

Answer: A

Explanation: A) A polycentric-oriented firm would staff its foreign subsidiaries with host-country nationals, and its home office with parent-country nationals.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

44) Samsung tends to follow an ethnocentric staffing model. From which group will it most likely hire for upper-level management positions at its Texas facility?

- A) home-country nationals
- B) host-country nationals
- C) third-country nationals
- D) local citizens

Answer: A

Explanation: A) With an ethnocentric staffing policy, Samsung fills key management jobs with home-country nationals. Managers would be citizens of South Korea where Samsung has its headquarters.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

45) Which of the following is the LEAST likely reason that a firm would choose an ethnocentric staffing policy?

- A) lack of qualified host-country upper-management candidates
- B) goal of reducing misunderstandings with locals
- C) need to transfer core competencies effectively
- D) desire to maintain a unified corporate culture

Answer: B

Explanation: B) Reasons given for ethnocentric staffing policies include lack of qualified host-country senior management talent, a desire to maintain a unified corporate culture and tighter control, and the desire to transfer the parent firm's core competencies to a foreign subsidiary more expeditiously. A polycentric-oriented firm would likely reduce the local cultural misunderstandings that might occur with ethnocentric staffing.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

46) Mercedes sent a team of executives from Germany to oversee the start-up of its U.S. operations. Which of the following terms best describes the values of Mercedes' top executives?

- A) polycentric
- B) monocentric
- C) ethnocentric
- D) geocentric

Answer: C

Explanation: C) With an ethnocentric staffing policy, the firm fills key management jobs with parent-country nationals. Mercedes sent German executives to manage an American facility, so its executives have ethnocentric values.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

47) What value classification refers to a belief that the best manager for a specific position could be in any of the countries in which the firm operates?

- A) polycentric
- B) ethnocentric
- C) geocentric
- D) monocentric

Answer: C

Explanation: C) A geocentric staffing policy seeks the best people for key jobs throughout the firm, regardless of nationality. This can let the global firm use its human resources more efficiently by transferring the best person to the open job, wherever he or she may be.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

48) With a geocentric staffing policy, a firm is most likely able to \_\_\_\_\_.

- A) provide effective training
- B) recruit recent college graduates
- C) use its human resources efficiently
- D) strengthen its image within a local community

Answer: C

Explanation: C) A geocentric staffing policy fills positions with the best people from within the organization, regardless of nationality. This can let the global firm use its human resources more efficiently by transferring the best person to the open job, wherever he or she may be.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

49) In January 2009, Walmart acquired a controlling interest in Chile's leading food retailer. Since then, Walmart has opened the first environmentally friendly supermarket in Chile that uses energy efficient technology throughout the store. Walmart is planning to open additional stores in Chile over the next seven years. Walmart's top executives are considering the idea of transferring U.S. managers to Chile to oversee the construction and establishment of the new stores.

Which of the following, if true, supports the assertion that Walmart is an ethnocentrically oriented corporation?

- A) Walmart usually succeeds on an international level because the firm actively works to support local charities.
- B) Walmart rarely experiences cultural misunderstandings because of its tendency to hire locals to fill management positions.
- C) Walmart aims to maintain a unified organizational culture by filling foreign management positions with Americans.
- D) Adaptability screening eliminates problems associated with transferring Walmart managers and their families abroad.

Answer: C

Explanation: C) An ethnocentric company fills key management positions with home-country nationals to maintain a unified culture and tight control.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

50) The most common reason that an expatriate fails at an international assignment is \_\_\_\_\_.

- A) incompetence
- B) technical demands
- C) inability of spouse to adjust
- D) language difficulties

Answer: C

Explanation: C) In one study, U.S. managers listed, in descending order of importance, reasons for expatriates leaving early: inability of spouse to adjust, managers' inability to adjust, other family problems, managers' personal or emotional immaturity, and inability to cope with larger overseas responsibility.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

51) Which of the following qualities is most closely linked to an employee's success on an international work assignment?

- A) technical skills
- B) responsibility
- C) intelligence
- D) flexibility

Answer: D

Explanation: D) Flexibility and adaptability are crucial to expatriate success.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

52) Which of the following terms refers to the process of assessing an employee's probable success in handling a foreign transfer?

- A) skills placement testing
- B) adaptability screening
- C) management assessment
- D) performance appraisal

Answer: B

Explanation: B) Adaptability screening attempts to assess the assignee's and his or her spouse's probable success in handling a foreign transfer.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

53) In January 2009, Walmart acquired a controlling interest in Chile's leading food retailer. Since then, Walmart has opened the first environmentally friendly supermarket in Chile that uses energy efficient technology throughout the store. Walmart is planning to open additional stores in Chile over the next five years. Walmart's top executives are considering the idea of transferring U.S. managers to Chile to oversee the construction and establishment of the new stores.

Which of the following, if true, undermines the argument of using expatriates to establish the new Walmart stores in Chile?

- A) Adaptability screening tests indicate that three potential candidates are bilingual and travel overseas frequently.
- B) Walmart offers overseas candidates extensive training on cultural differences and adaptation skills.
- C) The most qualified Walmart managers have no foreign travel experience and do not speak Spanish.
- D) A balance sheet approach is used by Walmart, but workers do not receive hardship allowances for moving to Chile.

Answer: C

Explanation: C) Foreign travel experience and language skills demonstrate an ability to live and work with other cultures. If the most qualified candidates lack that experience, then using expatriates is probably a bad idea.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Application of Knowledge

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

54) According to research, all of the following will most likely help spouses of expatriates adjust to living in foreign countries EXCEPT \_\_\_\_\_.

- A) close family relationships
- B) pre-school age children
- C) scheduled vacations
- D) language training

Answer: C

Explanation: C) Language fluency helps spouses adjust as do preschool-age children. A strong bond of closeness between the spouse and the expat partner is also helpful. Scheduled vacations are less likely to improve the adjustment to life overseas.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

55) Which term refers to a group of geographically dispersed co-workers that uses a desktop videoconferencing system to communicate and accomplish tasks for the firm?

- A) virtual team
- B) telecommuter group
- C) permanent transferee
- D) short-term international team

Answer: A

Explanation: A) Virtual teams are groups of geographically dispersed co-workers who interact using a combination of telecommunications and information technologies to accomplish an organizational task. With desktop videoconferencing systems often the heart of such systems, communication among team members can embrace the body language and nuances of face-to-face communications.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

56) What is the primary problem associated with virtual teams at international firms?

- A) scheduling meetings
- B) agreeing on important issues
- C) facilitating group communication
- D) building trust among team members

Answer: D

Explanation: D) The main challenges that virtual teams face are people-related. These include building trust, cohesion, team identity, and overcoming the isolation among team members. Desktop videoconferencing systems enable team members to communicate with each other and enable members to see the body language and nuances of face-to-face communications.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.



57) U.S. employers have most likely experienced an increase in successful expatriate assignments in the last two decades because they have \_\_\_\_\_.

- A) focused on job performance as the main selection criteria
- B) increased the number of selection criteria for global assignees
- C) provided global assignees with local managers to serve as mentors
- D) allowed HR managers to have more control of the global hiring process

Answer: B

Explanation: B) Traditional expatriate selection focused on job performance in the home country. However, in recent decades, U.S. firms have increased the number of selection criteria used to choose global assignees. Employers now regularly use selection criteria such as technical/professional skills, expatriates' willingness to go, experience in the country, personality factors (including flexibility), leadership skills, the ability to work with teams, and previous performance appraisals in the selection process.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

58) The majority of multinational corporation management positions are filled by expatriates.

Answer: FALSE

Explanation: Expatriates still represent a minority of multinationals' managers. Locals fill most positions.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

59) Third-country nationals hold citizenship in three countries.

Answer: FALSE

Explanation: Third-country nationals are citizens of a country other than the parent or the host country—for example, a British executive working in the Tokyo branch of a U.S. multinational bank.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

60) One negative of expatriates is that they can focus too much on short-term results.

Answer: TRUE

Explanation: Some expatriates overemphasize short-term results (knowing they will soon move on).

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

61) The least expensive way to fill managerial positions in foreign subsidiaries is with local people.

Answer: TRUE

Explanation: Expatriates are costly due to relocation expenses and housing costs. Filling positions with locals is much more cost effective.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

62) Virtual teams consist of geographically dispersed coworkers who interact using a combination of telecommunications and information technologies to accomplish organizational tasks.

Answer: TRUE

Explanation: Virtual teams are groups of geographically dispersed coworkers who interact using a combination of telecommunications and information technologies to accomplish an organizational task.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

63) Offshoring involves moving business processes such as manufacturing or call-center operations abroad.

Answer: TRUE

Explanation: Offshoring means having local employees abroad do jobs that the firm's domestic employees previously did in-house. Employers look to their HR managers to help identify high-quality, low-cost talent abroad, and to provide information on things like literacy, foreign wage rates, and working conditions.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

64) In a polycentric corporation, the prevailing belief is that home country attitudes, management style, knowledge, and managers are superior to anything the host country might offer.

Answer: FALSE

Explanation: Ethnocentric is the notion that home-country attitudes, management style, knowledge, evaluation criteria, and managers are superior to anything the host country has to offer. Polycentric is the conscious belief that only the host-country managers can ever really understand the culture and behavior of the host-country market.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

65) Firms using a geocentric staffing model will seek the best people for key jobs throughout the organization, regardless of nationality.

Answer: TRUE

Explanation: A geocentric staffing policy "seeks the best people for key jobs throughout the organization, regardless of nationality." This can let the global firm use its human resources more efficiently by transferring the best person to the open job, wherever he or she may be.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

66) The most expensive approach to staffing is the polycentric staffing model.

Answer: FALSE

Explanation: A polycentric-oriented firm would staff its foreign subsidiaries with host-country nationals, and its home office with parent-country nationals. It is the least expensive staffing method.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

67) Adaptability screening is a commonly used process to assess the likelihood that an expatriate can reintegrate into his or her home country's culture following a foreign assignment.

Answer: FALSE

Explanation: Adaptability screening aims to assess the assignees' (and spouses') probable success in handling the foreign transfer, and to alert them to issues (such as the impact on children) the move may involve.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

68) The Overseas Assignment Inventory is a test that identifies the characteristics and attitudes international assignment candidates should have based on norms.

Answer: TRUE

Explanation: Many firms also use tests such as the Overseas Assignment Inventory (OAI). This identifies the characteristics and attitudes international assignment candidates should have. Its publisher establishes local norms and conducts ongoing validation studies.

Difficulty: Easy

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

69) To help to ensure success for expatriates on international assignment, companies should provide language training to their spouses.

Answer: TRUE

Explanation: Employers can help expatriate spouses adjust to living in a foreign country by providing language training. Spouses are less likely to feel cut off from the foreign culture if they are able to communicate with locals.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

70) Being childless makes it easier for spouses to adjust to living overseas because of less stress.

Answer: FALSE

Explanation: Having preschool-age children (rather than school-age children or no children) seemed to make it easier for the spouse of an expatriate to adjust. "This suggests that younger children, perhaps because of their increased dependency, help spouses retain that part of their social identities: as parents, their responsibilities for these children remain the same."

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

71) Over the last decade, the majority of U.S. firms have been steadily increasing the size of their expatriate workforces.

Answer: FALSE

Explanation: For the past ten years or so the trend has definitely been toward using locals or toward other (non-expat) solutions. New expatriate postings are not only down, but many employers are bringing them home early. Another survey found that about 47% of U.S. multinationals are maintaining the size of their expat workforces; 18% were increasing it, and 35% were decreasing the number of expatriates.

Difficulty: Moderate

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

72) What staffing options do multinational firms have when filling positions in foreign subsidiaries?

Answer: Multinational companies employ several types of international managers. They can employ locals, home-country nationals, or third-country nationals. Home-country and third-country-nationals are both types of expatriates. Locals are citizens of the countries where they are working. Home-country nationals are citizens of the country in which the multinational firm has its headquarters. Home-country nationals are also called parent-country nationals. Third-country nationals are citizens of a country other than the parent or the host country.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

73) Describe what an expatriate is and factors that impact expatriate success.

Answer: Expatriates (expats) are noncitizens of the countries in which they are working.

Employers often can't find local candidates with the required qualifications. Multinationals also view a successful stint abroad as a required step in developing top managers. Furthermore, the assumption is that home-country managers are already steeped in the firm's policies and culture, and thus more likely to apply headquarters' ways of doing things.

Posting expatriates abroad is expensive, security problems give potential expatriates' pause, returning expatriates often leave for other employers within a year or two, and educational facilities are turning out top-quality candidates abroad. Systematizing the entire expatriate management process is one way to avoid such early returns. For example, employers should have an expatriate policy covering matters such as compensation and travel costs. Include procedures, for instance, requiring that the manager responsible for the expat's costs obtain all chain of command approvals. Another step in avoiding early returns is to test and select people who have the necessary traits and adaptability (as discussed earlier). And perhaps most importantly consider the expat's family situation. In one study, U.S. managers listed, in descending order of importance, reasons for expatriates leaving early: inability of spouse to adjust, managers' inability to adjust, other family problems, managers' personal or emotional immaturity, and inability to cope with larger overseas responsibility. Such findings underscore a truism about selecting international assignees: The problem is usually not incompetence, but family and personal problems.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

74) What are the advantages and disadvantages of using expatriates for staffing foreign subsidiaries?

Answer: Expatriates typically share a common culture and educational background with corporate headquarters staff so they are able to facilitate communication and coordination with corporate headquarters. They are also adept at introducing techniques from home to the host country setting. However, expatriates typically lack the knowledge of the host country's laws, culture, economic conditions, social structure, and political processes. These weaknesses can be overcome with training but such training is expensive. Further, it is expensive to relocate expatriates and maintain them in the host country.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

75) Explain the meaning of ethnocentrism, polycentrism, and geocentrism and how those values might affect a multinational company's staffing policy.

Answer: Firms with an ethnocentric value system believe that the knowledge and methods used in the home country are superior to those elsewhere. Consequently, these firms will prefer to staff managerial positions in foreign subsidiaries with home-country nationals. Firms with a polycentric view believe that only host-country nationals can really understand the local culture and customs. These firms will choose locals for managerial positions in international locations. Finally, firms with a geocentric view believe that the best managers could be anywhere. They will likely use a mix of locals, home-country nationals, and third-country nationals.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

76) Explain what a virtual team is. What are some challenges virtual teams face and how can they be dealt with?

Answer: Virtual teams are groups of geographically dispersed coworkers who interact using a combination of telecommunications and information technologies to accomplish an organizational task.

The main challenges virtual teams face are often people related. Challenges include building trust, cohesion, and team identity, and overcoming the isolation among team members.

Success therefore depends on human resource management actions. In particular, train virtual team members in leadership, conflict management, and meetings management, and to respond swiftly to virtual teammates. Be scrupulous about answering e-mails and being positive. Select virtual team members using behavioral and situational interviews, where they describe how they'd respond to illustrative virtual team situations. Use current virtual team members to help recruit and select new team members.

Difficulty: Hard

Chapter: 17

Objective: 3

AACSB: Analytical Thinking

Learning Outcome: 17.3 List and briefly describe the main methods for staffing global organizations.

77) Before departing for an overseas assignment, an employee would most likely benefit from \_\_\_\_\_ training.

A) technical

B) interpersonal

C) cross-cultural

D) career development

Answer: C

Explanation: C) Assignees benefit from training on the culture and language of the country in which they will be living. Such training helps them adapt and to work more effectively with locals.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.



78) All of the following are the primary benefits of providing ongoing training to employees on overseas assignments EXCEPT \_\_\_\_\_.

- A) offering educational opportunities
- B) developing relationships with co-workers
- C) cultivating corporate values and standards
- D) providing spousal networking opportunities

Answer: D

Explanation: D) Managers abroad continue to need traditional skills-oriented development to help them grow professionally, hone their skills, and have the same educational opportunities that stateside co-workers have. In addition, seminars help managers form bonds with colleagues around the world and cultivate corporate values. Providing spouses the chance to network is not a primary benefit.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

79) Most North American companies use the \_\_\_\_\_ approach to formulating expatriate pay.

- A) equitable wage rate
- B) balance sheet
- C) performance
- D) total package

Answer: B

Explanation: B) The most common approach to formulating expatriate pay is to equalize purchasing power across countries, a technique known as the balance sheet approach. More than 85% of North American companies reportedly use this approach.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

80) Which approach to formulating expatriate pay involves estimating the employee's expenses in the home country and the host country?

- A) balance sheet
- B) mobility allowance
- C) performance pay
- D) hardship method

Answer: A

Explanation: A) The balance sheet approach focuses on four groups of expenses—income taxes, housing, goods and services, and discretionary expenses. The employer estimates what each of these four expenses is in the expatriate's home country, and what each will be in the host country. The employer then pays any differences.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

81) Which of the following terms refers to paying a portion of an expatriate's salary in home-country currency and a portion in local currency?

- A) balance sheet approach
- B) split pay approach
- C) hardship premium
- D) foreign-service premium

Answer: B

Explanation: B) When using the balance sheet approach, firms often help the expatriate manage his or her home and foreign financial obligations with the split pay approach. The employer pays part of a person's actual pay in home-country currency and part in the local currency.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

82) Which of the following is NOT one of the primary expense groups used in the balance sheet approach to formulating expatriate pay?

- A) taxes
- B) housing
- C) disposable income
- D) discretionary expenses

Answer: C

Explanation: C) The balance sheet approach focuses on four groups of expenses—income taxes, housing, goods and services, and discretionary expenses. Disposable income is not a category.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

83) \_\_\_\_\_ are financial payments over and above regular base pay.

- A) Foreign service premiums
- B) Hardship allowances
- C) Balance sheet payments
- D) Mobility premiums

Answer: A

Explanation: A) Foreign service premiums are financial payments over and above regular base pay, typically ranging between 10% and 30% of base pay.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

84) JJP Enterprises seeks to entice one of its star managers to move to Iraq to oversee a construction project. The firm will most likely offer a \_\_\_\_\_ because of the difficult living and working conditions in Iraq.

- A) cost-of-living allowance
- B) performance bonus
- C) hardship allowance
- D) mobility premium

Answer: C

Explanation: C) Hardship allowances compensate expatriates for hard living and working conditions at certain foreign locations.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

85) Which of the following terms refers to a lump-sum payment given to employees as a reward for moving from one assignment to another?

- A) hardship allowance
- B) foreign service premium
- C) cost-of-living allowance
- D) mobility premium

Answer: D

Explanation: D) Mobility premiums are typically lump-sum payments to reward employees for moving from one assignment to another.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

86) Jim Simmons, an American, has worked for a U.S. firm's Italian operations for two years with great success. Now, the company wants Jim to relocate to France to establish a new division. The company will most likely offer Jim a \_\_\_\_\_ to reward him for moving from one assignment to another.

- A) hardship allowance
- B) foreign service premium
- C) cost-of-living increase
- D) mobility premium

Answer: D

Explanation: D) Mobility premiums are typically lump-sum payments to reward employees for moving from one assignment to another.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

87) All of the following characterize European labor relations EXCEPT \_\_\_\_\_.

- A) limited number of bargaining units
- B) informal recognition of labor unions
- C) bargaining through employer associations
- D) industry-wide collective bargaining

Answer: A

Explanation: A) Unions in Europe are influential, and labor-management bargaining and relations reflect this fact. Collective bargaining in Western Europe tends to be industry-wide, which leads to bargaining through employer associations. Union recognition is less formal than in the United States.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

88) Which of the following is most likely NOT covered by kidnapping and ransom insurance policies?

- A) abductions
- B) ransoms
- C) crisis teams
- D) weapons

Answer: D

Explanation: D) K&R insurance typically covers several costs associated with kidnappings, abductions, or extortion attempts. These costs might include, for instance, hiring a crisis team, the actual cost of the ransom payment to the kidnappers or extortionists, insuring the ransom money in transit, legal expenses, and employee death or dismemberment.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

89) Frank Williams is being sent to Saudi Arabia for two years to work for his company's Saudi affiliate. Which of the following suggestions should Frank follow to minimize his chances of being the victim of a kidnapping?

- A) Take the same route to and from work.
- B) Arrive at the airport close to departure time.
- C) Wait at the airport in a main traffic area.
- D) Leave work at the same time each day.

Answer: B

Explanation: B) Security experts suggest that business travelers arrive at airports as close to departure time as possible and wait in areas away from the main flow of traffic where they're not as noticeable. Employees should also vary their departure and arrival times and take different routes to and from work.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Application of Knowledge

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

90) \_\_\_\_\_ refers to bringing a manager back home after a foreign assignment has been completed.

- A) Expatriation
- B) Repatriation
- C) Mediation
- D) Job rotation

Answer: B

Explanation: B) Expatriation refers to sending a worker to work overseas, while repatriation is the process of bringing the employee back to his or her home country. Repatriation programs help employees and their families make smooth adjustments.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

91) A formal repatriation program should do all of the following EXCEPT \_\_\_\_\_.

- A) assist employees with relocation logistics
- B) seek compensation and benefits on behalf of employees
- C) help employees update their resumes and make career plans
- D) reassure employees of the company's concern for their welfare

Answer: B

Explanation: B) Repatriation programs are supported by an employee's firm, so seeking compensation and benefits is not part of the activities. However, repatriation programs should help employees with the logistics of moving back, help them with career planning, and reassure them that the firm cares.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

92) Which of the following is a true statement regarding expatriates?

- A) Most expatriates require at least one year of psychological help after returning home.
- B) Most expatriates avoid traveling abroad after returning to their home country.
- C) Most expatriates and their families prefer open-ended work assignments.
- D) Most expatriates quit within three years of returning home.

Answer: D

Explanation: D) One of the most worrisome facts about sending employees abroad is that 40% to 60% of them will probably quit within 3 years of returning home.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

93) Employees preparing for overseas assignments benefit from training in cultural differences, attitude formation and behavioral influence, factual country knowledge, and language skills.

Answer: TRUE

Explanation: Orienting and training employees prior to their departure helps them adjust and be more successful. They should receive training in culture, language, and adaptation methods.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

94) The most common approach to formulating expatriate pay is the balance sheet approach.

Answer: TRUE

Explanation: The most common approach to formulating expatriate pay is to equalize purchasing power across countries, a technique known as the balance sheet approach.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.



95) Foreign service premiums compensate expatriates for exceptionally hard living and working conditions at certain foreign locations.

Answer: FALSE

Explanation: Foreign service premiums are paid to encourage the employee to take the job abroad. Hardship allowances compensate expatriates for hard living and working conditions at certain foreign locations.

Difficulty: Easy

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

96) As in the U.S., collective bargaining in Western Europe typically occurs at the plant level rather than at the industry level.

Answer: FALSE

Explanation: Collective bargaining in Western Europe tends to be industry-wide, whereas in the United States it generally occurs at the enterprise or plant level.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

97) Varying departure and arrival times when working in a foreign country can minimize a business traveler's chances of becoming a crime victim.

Answer: TRUE

Explanation: Experts advise business travelers to vary their departure and arrival times and to take different routes to and from work to stay safe in a foreign country.

Difficulty: Moderate

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

98) What are some reasons for firms bringing expatriates home early? How can firms ease the transition during repatriation?

Answer: New expatriate postings are not only down, but many employers are actually bringing them home early for a number of reasons. Posting expatriates abroad is very expensive, security problems increasingly give potential expatriates pause, educational facilities are turning out top-quality candidates abroad, and the recent global recession made the cost of posting employees abroad even more unattractive. As expatriates return home, employers can ease the transition with a repatriation program. Firms need to make sure that the expatriate and his or her family don't feel that the company has left them adrift. Firms often provide psychologists, mentors, career planning services, and relocation assistance.

Difficulty: Hard

Chapter: 17

Objective: 3, 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

99) What are the major steps in establishing a global pay system?

Answer: Balancing global consistency in compensation with local considerations starts with establishing a rewards program that makes sense in terms of the employer's strategic aims. Then the employer turns to more micro issues, such as, is how we're paying our employees abroad competitive? Steps to follow in creating a global pay system include these:

**Step 1. Set strategy.** First, formulate longer-term strategic goals, for instance, in terms of improving productivity or boosting market share.

**Step 2. Identify crucial executive behaviors.** Next, list the actions you expect your executives to exhibit in order to achieve these strategic goals.

**Step 3. Global philosophy framework.** Next, step back and ask how you want each pay component (salary, bonus, incentives, and so forth) to contribute to prompting those executive actions.

**Step 4. Identify gaps.** Next, ask, "To what extent do our pay plans around the world now support these actions, and what changes if any are required?"

**Step 5. Systematize pay systems.** Next, create more consistent performance assessment practices, and establish consistent job requirements and performance expectations for similar jobs worldwide.

**Step 6. Adapt pay policies.** Finally, review your global pay policies (for setting salary levels, incentives, and so forth). Conduct surveys and analyses to assess local pay practices. Then fine-tune the firm's global pay policies so they make sense for each location.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

100) Explain the balance sheet approach to formulating expatriate pay.

Answer: This method seeks to equalize purchasing power across countries. The basic method is to take the expenses for an employee in his or her home country, including income taxes, housing, goods and services, and discretionary income, and then to estimate how those expenses will vary in the host country. The employer will pay the differences. The base salary will normally be in the same range as the manager's home-country salary. Then, a foreign service premium and/or hardship allowance might be added. There could also be allowances given for housing and education.

Difficulty: Hard

Chapter: 17

Objective: 4

AACSB: Analytical Thinking

Learning Outcome: 17.4 Discuss some important issues to keep in mind in training, appraising, and compensating international employees.

101) What are the top drivers of employee engagement around the globe?

- A) career opportunities
- B) recognition
- C) company reputation
- D) setting goals

Answer: A

Explanation: A) Career opportunities was the number-one key driver of employee engagement in all regions of the world, underscoring the universal importance of providing such opportunities.

Difficulty: Hard

Chapter: 17

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 17.5 Discuss similarities and differences in employee engagement around the globe.

102) The current global average of employee engagement is:

- A) 23%
- B) 44%
- C) 61%
- D) 83%

Answer: C

Explanation: C) Recently, the trend was for employee engagement (highly and moderately engaged) in all regions of the world to be converging around the current global average of about 61% of employees engaged. So, workers everywhere are becoming about equally engaged.

Difficulty: Hard

Chapter: 17

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 17.5 Discuss similarities and differences in employee engagement around the globe.

103) The top driver of employee engagement around the globe is career opportunities.

Answer: TRUE

Explanation: Career opportunities was the number-one key driver of employee engagement in all regions of the world.

Difficulty: Moderate

Chapter: 17

Objective: 5

AACSB: Analytical Thinking

Learning Outcome: 17.5 Discuss similarities and differences in employee engagement around the globe.

104) Which of the following was determined by a study of six international firms that have successfully established global HR systems?

- A) Firms should focus on expatriation and repatriation programs to ease the transition period for employees working abroad.
- B) Firms should develop HR systems that are universally acceptable and that can be effectively implemented in any location.
- C) Firms rely more heavily on expatriates than locals in foreign subsidiaries, so it is unnecessary to make changes to existing HR policies.
- D) Firms with foreign subsidiaries should adhere to local customs regarding screening, hiring, and training applicants.

Answer: B

Explanation: B) The study's overall conclusion was that employers who successfully implement global HR systems do so by applying several best practices. This enables them to install uniform global human resource policies and practices around the world. The basic idea is to develop systems that are acceptable to employees in units around the world and ones that the employers can implement more effectively.

Difficulty: Hard

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

105) Which of the following is a best practice in ensuring success in actually implementing globally consistent human resource policies and practices?

- A) "Keep it consistent."
- B) "Provide instruction from above."
- C) "You can't communicate enough."
- D) "Form global HR networks."

Answer: C

Explanation: C) "You can't communicate enough" is crucial as there's a need for constant contact with the decision makers in each country, as well as the people who will be implementing and using the actual system.

Difficulty: Moderate

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

106) Which of the follow is a step in "Making the Global HR System More Acceptable?"

- A) Identify crucial executive behaviors.
- B) Remember that it's more important to standardize ends and competencies than specific methods.
- C) Dedicate adequate resources.
- D) Try to work within the context of a strong corporate culture.

Answer: D

Explanation: D) In "Making the Global HR System More Acceptable" trying to work within the context of a strong corporate culture is valuable as companies that do so find it easier to obtain agreement among far-flung employees.

Difficulty: Easy

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

107) What is the first step in developing a more effective global HR system?

- A) adapting pay policies
- B) forming global HR networks
- C) identifying crucial executive behaviors
- D) remembering that truly global organizations find it easier to install global systems

Answer: B

Explanation: B) The first step in developing a more effective global HR system is to form global HR networks.

Difficulty: Moderate

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

108) A global HR system should integrate global tools, such as online recruitment systems, with local methods.

Answer: TRUE

Explanation: Effective global HR systems combine the firm's global tools like online recruiting or online benefits management with local methods.

Difficulty: Moderate

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

109) Treating locals as equal partners when developing a global HR system will minimize resistance.

Answer: TRUE

Explanation: Using a global team to develop a global HR system will minimize resistance and increase support.

Difficulty: Moderate

Chapter: 17

Objective: 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.

110) What are the HR challenges of conducting business on a global scale? How can firms effectively implement global HR management programs?

Answer: Managing human resources internationally creates unique challenges. For example, "Should we staff the local offices abroad with local or U.S. managers?" "How should we appraise and pay our local employees?" "How should we deal with the unions in our offices abroad?" "How do we identify and get the right talent and skills to where we need them?" and "How do we spread state-of-the-art knowledge to our operations abroad?" Challenges like these don't just come from the vast distances involved. The bigger issue is coping with the cultural, political, legal, and economic differences among countries. The study's overall conclusion was that employers who successfully implement global HR systems do so by applying several best practices. This enables them to install uniform global human resource policies and practices around the world. The basic idea is to develop systems that are acceptable to employees in units around the world, and ones that the employers can implement more effectively. We'll look at each of these three requirements' best practices.

Difficulty: Hard

Chapter: 17

Objective: 2, 6

AACSB: Analytical Thinking

Learning Outcome: 17.6 Explain with examples how to implement a global human resource management program.